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SPECIAL ARTICLES

FIVE YEARS' WORKING OF THE NEW ECONOMIC POLICY IN RUSSIA.

By Professor S. Procopovicz.

Five years have elapsed since the Soviet Authorities gave up their Communist politics and turned to the new Economic Policy. There has, therefore, been quite sufficient time for this new policy to have taken a definite form and to show its latent, potential possibilities. The time has come to sum up the results obtained and to see what the New Economic Policy has given us.

This is not the place to enter into an analysis of the general politics of the Bolsheviks. We must only state that their policy has had its distinctly decisive side. It was very tempting to the Russian people when one takes into account how backward their economics were as well as their culture; it was only fifty-six years before that the Russian people were liberated from serfdom, and had practically no political rights or even strong political parties.

The worse the régime the harsher the Revolution that destroyed it. Even in the frightful excesses of the Bolsheviks one could note a kind of connection with the historical past of the Russian people.

We are only interested in the economic policy of the Bolsheviks. The first half-year of the Soviet Administration was occupied with the seizure by the authorities of the administrative apparatus and the territory of the country. At this time extraordinary things took place. The apparatus of administration set up by the Provisional Government continued to function till the end of January 1918. The Ministries and the State Bank obeyed only the instructions that were issued from the centre of administration, which was at that time occupying one of the basements in Petrograd. Thanks to this organisation the trains were running and bread was brought to the capitals and the front supplied, as well as coal to the factories. At first the Soviet of Commissars did not interfere at all with this procedure; the first time they were able to get any money from the State Bank was in the middle of January 1918. In the beginning of 1918 the People's Commissars were busy seizing the apparatus of administration, so that it was only by May 1918 that they formulated and commenced their system of economic policy, which afterwards, in 1919, was finally systematically formulated in the programme of the Russian Communist Party.

We find that as the structure of this Communist system of national economy advanced the producing powers of Russia receded more and more. At last Lénin understood the futility of the Communist policy, and came forward at the Communist Conference held in March 1921 with the suggestion that it should be annulled and that the Party should take up a new economic policy.

Later the reader will find detailed statistics showing to what an extent the productivity of the factories and the peasants' output had decreased after three years of the Communist policy. The fall in the national income called forth the harsh dissatisfaction of all the inhabitants, more especially that of the peasants. At the Conference of the party on March 15, 1921 Lénin acknowledged that "the peasants were dissatisfied with the methods of the relations arranged by us, and that they did not wish it to remain in force, and that it could no longer remain in this form. This is an irrefutable fact. This wish of theirs has been expressed very definitely. It is the wish of huge masses of the working population."

Later again in his speeches Lénin was more sincere and more just. In his speech on October 17, 1921, at the second All-Russian Conference of Political Culture, he was particularly outspoken. He began by calling the attention of his hearers to "the sharp turn which the Soviet authorities and our Communist Party had taken in going over to the economic policy, now called new. . . . Our former economic policy, so to speak, presupposed to a certain extent a direct transference of the old Russian economy to production by the State and the distribution of the products on Communistic lines (although as a matter of fact we did not presuppose much in this matter).

"Partly under the influence of our overwhelming military problems, and partly owing to the desperate position, as it then appeared, in which the Republic found itself, and also influenced by these circumstances, and others perhaps as well, about which this is not the time to speak, we made the mistake of deciding on abruptly going over to Communist productivity and distribution. We decided that the peasants would supply us with sufficient corn, according to a plan, and that we should divide it among the factories and works, and thus we should get Communist production and distribution. I cannot say that we pictured this plan to ourselves in so definite and clear a way, but we worked at it approximately in that spirit. This is unfortunately a fact. I say unfortunately, because a none too long experience has convinced us of the error of our procedure. . . . Our new economic policy consists actually in the fact that in this matter we have sustained a heavy defeat, and we have started on a strategic retreat: to prevent our complete defeat let us retreat and build up everything anew, but solidly. There is no doubt whatever that we have suffered an economic reverse on the economic front, and a reverse that is severe the Communists cannot sustain, so we come forward and acknowledge the necessity for a new economic policy. . . . In our attempt to go very seriously over to Communism we were defeated on the economic front in the Spring of 1921, more seriously than in any earlier reverse brought on us by Kolchak, Denikin, or Pilsudsky. . . . Distribution as planned for the villages and direct Communistic going over to the problems of building up a system in the towns —it was this policy that hindered the development of our productive power and turned out to be the basic reason of the profound economic and political crisis that confronted us in the Spring of 1921.

"It was this that brought on, from the point of view of our general policy, what can only be called a serious defeat."

At the same time Lénin acknowledged that the industrial proletariat of Soviet Russia was "unclassed, i.e. was stuck in the rut of class, and had ceased to function as a proletariat."*

Lénin did not even wish to go deeply into the analysis

* Published Records, Vol. XVIII., Part I., pp. 371-373, & 375.

of the reason why the Communist policy had finished in bankruptcy; he had not the courage to acknowledge openly that the idea of Communism was incapable of being brought to life, and that it was impossible to organise national economy on a Communist basis. However, he made several remarks in one of his articles on food taxes which show that the inner significance of the problem was clear to him.

Lénin was not afraid of the growth of Capitalism on the introduction of N.E.P., or of its danger to the Communist Party.

In his opinion there was nothing to fear in the reintroduction of Communism under the influence of the new policy, because the landowners and the bourgeoisie had been expropriated, the land had been nationalised, the Soviet authorities held the great industries in their hands, as well as transport and foreign trade, and private capitalist enterprises would be under the supervision and control of the State authorities, which was in the hands of the working classes.*

Thus in 1921 Lénin called the Communists to the reintroduction of a capitalistic basis of economy, but within certain limits; a system of economy which was to usher in the New Economic Policy and which he called State Capitalism,† because in this system there were no socialistic bases in the organisation of production or in its distribution.

But for the development of capitalism both capital and capitalists are required—a corresponding civil code that acknowledges the freedom of private economic initiative and the rights of property, judges and police, a *habeas corpus* act, and freedom of the Press, democracy and parliamentarism. Having said "A," Lénin did not wish to say "B," and objected still more to going through the whole of the alphabet. So far as he was concerned, being an extreme materialist in questions of national economy, only capital was required for the development of capitalism. As the country, ruined by Communistic politics had no savings, he dreamt of a flow of capital from outside. In his speech on March 15, 1921, he said: "So long as Revolution does not break out in other countries we shall have to get out of it in tens of years, and for this purpose we should not regret hundreds of millions, and even milliards, that could be used from our illimitable riches, from our rich sources of raw materials, if only we could get the assistance of the great and leading capitalists.

"Later we should repay ourselves abundantly. It is impossible, however, to keep up the power of the proletariat in the country, ruined to an unheard of extent, with a gigantic majority of peasants, equally ruined, without the help of capital, for which, it stands to reason, it will charge an enormously high percentage. This must be understood. Therefore we must have this type of economic relations or none at all. Anyone who puts the case in a different way simply has no comprehension whatever of practical economy."‡

Now let us see what constitutes the economic and social basis of national economy which was instituted by the New Economic Policy.

We see in it, in contradistinction to the constitution of 1918–1921, the following characteristic points:—

(1) If the Communistic Party in its Communistic policy attempted to support itself on a union of the proletariat with the most indigent peasantry, then it has now started talking—in "N.E.P." of a union with the middleman.

(2) In May, 1918, the Communists considered it an evil if there were trading connections with sundry economies; the orgies of the market were for them a foe of conscious organisation of the national economy, planned by them; whereas in March 1921 Lénin sees in the market the development of the productive power of national economy.

(3) Market connections imply people participating with interest, who have a knowledge of the economy of life, in the results of production, hence a return to payments for work, high wages for qualified workmen and engineers, and the acknowledgment that the peasants have the right of possession of the products of his economy.

(4) Every economy, every undertaking, is founded on the basis of economic payment; the planned-out points of N.E.P. acquire a completely different nature than those of the Communist policy, they bear not a material or technical character, but an economic one.

(5) The organisers of these capitalistic factories and trusts under N.E.P. are Communists, workmen, and Soviet officials; but as all these social categories possess neither knowledge nor ability, which are necessary for contemporary leaders of industry who undertake the running of such large concerns, the enterprises started by them suffer from the defects of laziness on the part of the workmen and general disorganisation.

(6) The absence of capitalists with a knowledge of the legal and political conditions necessary for the growth of productive power and for the development of a more cultured national economy in this capitalistic institution still further hampers the working possibilities of capitalistic undertakings under N.E.P.

We shall now turn to the economic results of this New Economic Policy.

Our only interest in this matter is to find out the actual facts about the national economy of Russia under N.E.P.—to find out whether it still continues to decrease as it did in the years 1918 to 1921 under Communist policy, or whether it has now begun to increase? Are the productive powers of the country growing or being destroyed? Is the national production falling off or being increased?

But we cannot limit ourselves to the facts only; we have to understand them thoroughly.

We must discover the reasons that brought about the actual development of the facts under discussion: are these reasons to be found in something new that has been brought into the national economy of the country by the introduction of N.E.P.? or through the annulling under N.E.P. of the Communist doctrines which were introduced into the national economy in the period between 1918 and 1921?

A reasoned explanation such as this of the fate of the national economy under N.E.P. is of importance in itself: but apart from that it has to serve us as a point of discussion in answering the following important and practical question: Has N.E.P. already outlived its hidden economic possibilities during the last five years, or is its potential force still not used up?

In order to explain these questions we must refer to the statistics prepared by the Union of Soviet Socialistic Republics, but here we are faced with great difficulties. To begin with—the statistics published by sundry national organs sometimes contradict one another and often disagree. Secondly the interpretation of their significance is disputed. In the present state of Soviet statistics there is little chance of making any headway owing to the chaotic manner in which these statistics are kept, more especially in connection with agriculture. But actually we can do without them. To explain the above questions it will be sufficient if we content ourselves with the basic point of the state of the country's productive powers, not entering into details and not discomfited by the fact that our figures will not be altogether correct. What we really need is to confirm the basic points of development, and by going into details we should not be getting a clearer picture of the most important points, which we are looking for.

Such points of interest we consider to be:—

(1) The area under grain cultivation, and the amount of cattle in the country;
(2) the output of the great industries;
(3) the amount of national income "per capita" of the population; and
(4) the total of freights by train.

* Published Records, Vol. XVIII., Part I., pp. 198–199—223, 234; Part II., pp. 89–90.

† Published Records, Vol. XVIII., Part I., pp. 216–217, 332, 396, 402; Part. II., pp. 89–90.

‡ Published Records, Vol. XVIII., Part I., p. 144.

There is a great deal of contradiction in the Soviet statistical reports on the amount of acreage under grain cultivation in the present territories of the Union of Soviet Socialistic Republics; the same applies to the amount of cattle in the country.

For instance, sundry institutions in one and the same year, and one and the same institution different years give vastly differing figures.

The reason for this muddle is to be found principally owing to the "corrections" made by sundry institutions in the figures they receive from the local districts, but as these corrections are usually spread over all the particulars about land under cultivation of grain, commencing with 1913 and 1916, we find that the percentage calculations are more reliable than the actual totals. We are concentrating on the following figures: For 1913 to 1917 we have the old particulars. For 1916, 1920–1922, we have the particulars given in the "Collection of Statistics for 1918–1923," pp. 122–3.

By comparing the agricultural material handed in for 1919 and 1920 we can fix the approximate areas under grain for 1919. For 1923 we have the details in the "Statistical Year Book for 1922 and 1923," Vol. I., pp. 124–129. We reckoned the sowing of 1924 at 9.6 per cent. more than in the preceding year and that of 1925 at 7.1 per cent. more.

As to the total of cattle we take the particulars of the Commissariat of Agriculture:—

	Areas sown. In millions of desiatines.	Per cent.	Horses. In millions.	Per cent.
1913...	87.1	100	—	—
1916...	79.0	90.7	31.3	100
1917...	79.4	91.2	—	—
1918...	—	—	—	—
1919...	56.6	68.4(?)	—	—
1920...	63.0	72.3	24.5	78.3
1921...	58.3	66.9(?)	23.7	75.6
1922...	49.3	56.6	20.2	64.4
1923...	61.7	70.8	20.0	64.1
1924...	67.6	77.6	22.3	71.4
1925...	72.4	83.1	24.6	78.6

Thus we see that up to 1922 the peasant economy of the country was declining.

The area of cultivation under grain had decreased by 34.6 per cent. during the period of Communist policy; whereas it had increased by 26.5 for the next three years under the New Economic Policy. Now let us take into consideration that in 1916 9.3 per cent. of the cultivated land belonged to private landowners; then we note that, taken in mass, the area under peasant cultivation is shown to have become normal once more, as can be shown by the following figures:—

In 1916	...	...	71.7 million desiatines	100%
„ 1917	...	...	72.4 „ „	101.0%

But during the Revolution years the agricultural population of the country increased considerably in spite of the famine of 1921, which according to official figures carried off five million people. In addition to this natural increase great significance must be attached to the fight of large numbers of the town population to the villages to get nearer to the sources of supply. As a result the calculation that the area sown would be sufficient to guarantee food for an additional population of from 10 to 12 per cent. did not reach the level of 1916, as can be seen by the following table of figures:—

*	Agricultural Population.	Area Sown.	Per Head
1916	... 102.6 millions	71.7 millions (of	0.70 des.
1920	... 110.7	63.0 desiatines)	0.57
1922	... 109.1	49.3	0.45
1924	... 114.1	67.6	0.59
1925	... 116.8	72.4	0.62

* Particulars of peasant holdings, excluding private landowners.

The self-evident reasons for the resuscitation of the peasant economy were the cessation of civil war in the villages, the liquidations of the committees for the poor, the going over from a distributive productivity to a food tax, the acknowledgment of the peasant's rights to own the produce of his work, and the restarting of the markets. All these were measures which did away with the Communists' introductions of Soviet power during the period of 1918 to 1920. The last decrees permitted the hire of labourers as well as the rent of land.

The one thing that remains unchanged is the nationalisation of the land, which, with the recognition of the right of sale of the improvements on the land and in the absence of a desire or the possibility on behalf of the Government to take any rent from the peasants, acquired by them from the land, can be considered something quite innocuous.

This process of resuscitation of the national economy took place through the renewing of the peasants' large economies. Herewith we append the statistics of the number of holdings with the various areas under cultivation for several years:—

*	No. of economies inspected.	Average sowing of 1 family.	% of holdings unsown.	% of holdings with sowings up to 4 des.	from 4–8.	more than 8.
1917 ...	6,034,114	3.73des.	11.4	59.1	21.6	7.9
1919 ...	6,119,616	—	6.5	74.0	16.4	3.4
1922 ...	1,200,872	2.40	6.7	78.6	12.4	2.3
1924 ...	1,291,138	2.97	4.3	69.9	19.6	6.2

* Figures of 1916.

This table shows that up to 1922 the percentage of holdings with large sowings decreased both regularly and fast, while the percentage of small holdings increased regularly. It can be taken for granted that only peasants who own holdings of not less than 4 desiatines of sowing can be considered as purveyors of agricultural products to the Russian markets. But the principal sellers of bread up to the time of the Revolution came from the holdings where more than 8 desiatines were sown. The Communist Party for party reasons pursued the well-to-do peasants, who brought their products to market, and proclaimed them as "koulaki" (="fists") i.e. profiteers.

In 1924–25 this process of rehabilitation continued at the expense of the capacity of the original foundation capital to function industry, capital inherited from pre-revolutionary times. During the period of management by the Soviet authorities this capital has been spent to a great extent. The starting of activity in those factories where work has ceased, and which till now are in a state of quiescence, can scarcely be attained; their plant has either been stolen or is by now worn out.

The factories that are in working order up till now are working at a loss, and have—so to speak—"eaten up" their capital. While the Communist policy was at its height from 1918—1920, when economic calculation in the management of the factories had been renounced, nobody gave a thought to the repairs of machinery or to additional capital.

In those years people lived on the inheritance (heritage. of the old régime and took no thought of the future) After the introduction of "N.E.P." the question was raised about the resuscitation of the foundation capital, but the amounts put aside to amortisation were not sufficient, and they were used to strengthen the working capital.

In any case how was it possible to function the amortisation of the factory machinery properly when the factories were run at a loss, and were only able to run at all owing to constant temporary grants and on the credit allotted by the State Banks?

As far back as the autumn of 1924 it was made clear that "in the eighth year of the Revolution we have not yet reached the point of working our factories, etc., without a loss, and consequently the process continues of eating away the capital received at such enormous sacrifices.*

The well-known economist, Piatakoff, confirmed that industrial enterprises under the influence of the Revolution "had used up their amortisation funds. How were they to fill up the breach?" How were they to make up the missing amortisation funds? How were they going to approach the problem of finding a substi-

* *Industrial-Trading Gazette*, Oct. 21, 1924.

tute for the used up original capital, or capital that was on the verge of being used up? The normal process, a process of real amortisation, was out of the question because it would lead to such a colossal increase in the cost price of manufactured goods that it would be impossible to sell the goods on the market. . . . Herein lies the central problem of our industrialism in the next few years."*

In 1925 the position had improved somewhat. We are told that "in the year 1924–25 the majority of the different types of industry had ceased to use up their original capital, and not only made the fullest use of the capital given them for amortisation for the year and part of the amortisation capital left over from former years, but also paid in a part of their profits and part of the money granted them from the Budget to make up the deficit of their capital.

According to preliminary reports these capital deficits sustained in the whole State industries controlled by the Supreme Council of National Economy during 1924–25 amounted to from 375 to 400 million roubles. . . . Up to 1923–24 the industry had used the money to fill up the gaps in its working capital, i.e. the money accrued by not making full use at the time of the amortisation amounts allowed them. In 1924–25 the contrary process is to be noted, viz. a transfer of part of the working capital to foundation capital took place."†

This is, of course, a step in the right direction, but many such steps forward must be made to raise the plant and machinery of our industry even to the level of European demands, let alone American.

As a result, according to the opinions expressed by Soviet economists, the monopoly of foreign trade cannot be altered, as—with the monopoly removed—Soviet industries would be completely destroyed owing to their inability to withstand the competition of Western—and Central—European industry.

However, if the Soviet industry is without the capacity to attract capital, then perhaps it can be helped by applying for credit?

In the summer of last year at the conference of the branch managers of the State Bank it was confirmed that discount on the private money exchange had reached to 7–8 per cent. per month, and up to 84 per cent. per annum.‡

According to other particulars discount in the provinces and in most towns stood at from 8–15 per cent. a month; and in Petrograd—higher—at 15 per cent.§

Therefore, within the limits of conditions now existing, a further considerable development of industry can hardly be expected, in spite of the fact that all the harmful decrees of Communist character have been annulled, i.e. those that concern industrialism. The New Economic Policy has given everything that it could give.

Now the principal problem appears to be the attraction of private capital to industry, which cannot be attained except by granting much wider rights to private property and to private economic initiative, and unless thoroughly expert managers are appointed to take charge of enterprises entailing capital.

3. The particulars to hand about separate branches of national economy are of great interest, but they generally fail in giving us more than details of certain chief industrial groups, and therefore do not discount the average whole of each branch in the general system of national economy.

They therefore lack the necessary particulars about the height of the national economy.

A particularly interesting work about the national income of Soviet Russia during 1923–24 has been carried on in the Central Statistical Bureau, but this work has not yet been published; P. J. Popoff, the editor, has published its fundamental results in *Economic Life* (v. the No. under date of March 29, 1925.)

The calculations have been made in "chervonetz" roubles. To make comparison easier we have converted them to 1913 roubles, making use of the index of the State-planning Bureau of 1923–24: agricultural products 1.37, industrial goods 2.17, general index, 1.71.

We thus get the following table of National production of the Union of Soviet Socialistic Republics in millions of roubles and in roubles:—

	In "chervonetz" roubles.	Index.	In trade roubles.	Per inhabitant.
Agriculture ...	5,020.0	1.37	3,664.2	27.3
Forestry and fisheries ...	726.7	1.37	530.5	4.0
Industry	2,629.9	2.17	1,211.9	9.0
Transport ...	894.9	1.71	523.3	3.9
Building	— 54.4	1.71	— 31.8	— 0.2
Trade	2,444.1	1.71	1,429.3	10.7
Total* ...	11,661.2	—	7,327.4	54.7

* (N.B.—The addition is wrong!—Translator's Note)

How far are these calculations correct? Such calculations are difficult to work out even in normal times of peace. Can we rely on these figures, worked out—let us not forget—in a time of uncertain conditions of the national economy, which is just now noticeable in Russia, and when disorders are taking place?

We encounter the greatest difficulty in the calculations of agricultural produce. Let us attempt to verify the figures of its income, reckoned in the Central Statistical Bureau. Let us adopt the following method. The income from agricultural economy, reckoned in trade roubles, naturally is decided fundamentally in two divisions (of time)—the area sown and the harvest. Dividing it thus we can calculate the probable extent of the national income from agricultural economy for each year.

The income for 1913 for the territory of the U.S.S. Republics can be reckoned by basing our calculations on the following facts: In 1913 in the 50 provinces of European Russia, the income of which is known—the population was 116.5 millions; and on the territory of the U.S.S.R. in 1925 the population was 135.6 millions, i.e. 16.4 per cent. more. Raising our calculation on these facts we get the following scheme of the change in the national income for the last few years:—

	Area sown in millions of desiatines.	Index No.	Harvest. In poods. (36 English lbs.)	Index. No.	General Index.	Income from Agriculture.
1913 ...	87.1	100	52.1	100	100	6,553
1921 ...	58.3	66.9	31.7	60.8	40.7	2,667
1922 ...	49.3	56.6	50.7	97.3	55.1	3,611
1923 ...	61.7	70.8	42.0	80.6	57.1	3,742
1924 ...	67.6	77.6	40.9	78.5	60.9	3,991
1925 ...	72.4	83.1	52.7	101.2	84.1	5,511

We thus find that in 1923–24 we have according to this calculation 3,742 million roubles as the income from agricultural economy; and according to the figures drawn up by the Central Statistical Bureau we get 3,664.2 millions of roubles, or only 2.1 per cent. less. One cannot wish for a closer comparison of figures calculated in two such different ways.

We must thus acknowledge that the calculations of the Central Statistical Bureau are carefully and conscientiously done.

At the same time we are going to protest against one item in these figures, not because of the method adopted in calculating, but for another reason. We mean the figure given for the national income from trade.

According to the facts supplied by the Central Bureau the supplementary trade figures were calculated thus:—

	Delivered on the market (in millions of roubles).	Percentage of supplementary charges.	The same excluding transport charges.
Industrial sales ...	6,284.6	33.7	29.6
Agricultural sales ...	2,649.1	62.6	53.6
Total	8,933.7	39.7	36.8

These high supplementary charges on retail trade

* *Industrial-Trading Gazette*, Sept. 30, 1924.

† *Economic Review*, 1925. Vol. XII. Page 121.

‡ *Economic Life*, June 28, 1925.

§ *Ibid.*, 1926. No. 33.

brought about the result that the income from it reached 19.5 per cent. of the whole amount of national productivity. This is an absurdly impossible percentage. Russia always was a land of high supplementary charges (surcharges) on trade; e.g. in 1913 the income from trade was 8.3 per cent. of the national income. Surcharges of this size could only come to so high a figure owing to the united pressure of the monopoly of foreign trade and the absence of healthy competition in internal trade.

These retail prices caused by the monopoly cannot possibly be considered a normal, component part of national economy. If we take for 1923–24 the surcharge on retail trade which was customary in pre-revolutionary Russia, then the income from trade falls to 4 roubles per inhabitant, and the whole income to 48 roubles per head.

Thus, if we take it that the national income came to 101.3 roubles per head in 1913, then in 1923–24 it fell to 48 roubles, and works out at 47.4 per cent. of the income of 1913.

Thus we get the measure of the fall in the productive strength of Russia after the Revolution.

4. A good indication of the condition of national economy is to be found in the work of railway transport. Herewith we append the figures of the daily freights of goods waggons and the totals of goods transported (reckoned in millions of tons):—

	Freight of Railway Waggons.		Totals of Freights	
1913	33,000	100	156.9	100
1920–21	—	—	34.8	22.2
1921–22	9,939	30.1	38.0	24.2
1922–23	11,683	35.4	57.8	36.8
1923–24	13,323	40.4	66.4	42.3
1924–25	17,401	52.7	82.9	52.9
1925–Oct. to Dec. ...	24,051	72.9	—	—

It is easily understood that the renewal of transport work should not reach its former height of the post-Revolution national economy. Transport work corresponds with the trading part of the national production. Naturally the trades of national economy dealing with money suffered much more from the Revolution than the natural part of national economy.

The following admission is of great importance, viz. that "in the sphere of house-building and transport the process of profligate waste of original capital still continues."*

Such are the basic facts about the present situation of the national economy of Soviet Russia compared with the level of economic development which Russia attained before the commencement of the World War. As is shown by the figures we have quoted, the lowest level of economic ruin was reached by Russia in the years 1920 and 1921. From that time onwards, under the influence of "N.E.P.", her economy has recovered somewhat. This process of economic recovery, however, goes forward very slowly—with interludes; at every step it is confronted by—and has to remove—the opposition of inimical forces. In this connection it is worth noting the facts about our foreign trade. With the development of the national economy it enters without fail the international arena of exchange, and its participation in this exchange is of the more significance—the more her productive strength is developed.

From this point of view the following facts covering the foreign trade of Russia are of great significance (reckoned in millions of trade roubles):—

	Imports.		Exports.		Balance.
1913	1,374	100	1,520	100	+ 146
1920–21	201	14.6	10	0.7	— 191
1921–22	276	20.1	61	4.0	— 215
1922–23	148	10.8	133	8.7	— 15
1923–24	208	15.1	340	22.4	+ 132
1924–25	356	25.9	320	21.1	— 36
1925–Oct. to Dec. ...	119	34.5	118	31.1	+ 1

As is clearly shown by this pitiable table of figures Russia has now ceased to serve as the purveyor of grain and raw materials for Western and Central Europe, and has lost her capacity to buy her industrial goods.

The above figures of the trade balance have to be corrected in a most important point, as they fail to show up the fact that in the last few years the smuggling of goods (into Russia) has reached to from 70–80 million roubles a year. Therefore we see that the only year that does not show a deficit is 1923–24, which was a good harvest year; all the rest show considerable deficits in the trade balance.

In conclusion, we still have to bring forward basic statistical facts about the finances and monetary movements of Soviet Russia. This is the only branch of the national administration in which one can record the fact that considerable success was attained. It must be added that they were attained mostly through strict economy.

If we include in the State Budget only the balance of income and expenditure of (*a*) the railways; (*b*) the postal and telegraph services; as real national undertakings, and not the whole amount of their respective incomes and expenditure, as is done by the Commissariat of Finance, and also exclude the amounts marked off for their local budgets, then we find that in the last few years this Budget reaches the following dimensions (reckoned in millions of roubles):—

	In "chervonetz" roubles.	In trade roubles.
1922 (9 months) ...	—	537.0
1922–23	856.2	764.5
1923–24	1,452.2	849.2
1924–25	1,659.6	925.1

So as to make the character of the policy of the Finance Department clearer to ourselves, we compare the increase of the State Budget with the national indicators for these years:—

	Agriculture.	Industry.	Railway transport.	Budget.
1921–22 ...	100	100	100	100
1922–23 ...	135.4	124.6	152.1	106.8
1923–24 ...	140.3	149.5	174.7	118.6
1924–25 ...	149.6	251.6	216.1	129.2

The Budget in its increase fell far behind the growth of the national income. This sensible economy has borne fruit: the harshest form of taxation, an income of emission which in 1922 formed almost half of the Budget, is now absent from the Soviet Budget.

The first place in the Budget now is taken by indirect taxes, which is quite right in a poor country such as Russia is; with the coming monopoly on "vodka" the significance of indirect taxation in the Budget will now be all the greater. In 1925–26 the income from 40 per cent. (strength) "vodka" was reckoned at 260 millions of "chervonetz" roubles.

It will be of interest to compare the incidence of taxation now with the pre-war figures (in millions of roubles):—

	National Income.	State Budget.	Percentage.
1913	16,400	2,134.0	13.0
1923–24	6,432	849.2	13.2

The normal taxation of the national income turns out to be practically the same as before the war. But we must take into account the fact that the population has become poorer by one half. Therefore the national burden of taxation at present is *far* greater than before the war.

The sound position of Budget economy has made the liquidation of the paper-money inflation possible, as also the introduction of a sound "chervonetz" currency. On the 1st of January the following amounts of money were in circulation, reckoned in millions of roubles:—

	National Income.		Freights in Railway Waggons.		Money in Circulation.	
1913–14 ...	16,400	100	3,300	100	2,403	100
1923–24 ...	6,432	39.2	13,323	40.4	216	9

It is here shown that the amount of money in circulation, expressed in approximate values, has greatly decreased in 1923–24, not only as regards the national income, but also when compared with railway transport. There can be only one obvious explanation of this: the population of Russia has become much poorer, and that

* Control figures re national economy for 1925-26, p. 41.

their money does not remain in their pockets, but that every rouble now does four times the turnover it did in 1913.

The issue of the "chervonetz" currency is so restricted that there is no foundation for any fear of inflation. So long as there is no deficit in the Soviet Budget, only two things can threaten the stability of the "chervonetz," and they are: a very large deficit in the trade balance; and war.

Thus, to sum up, under the influence of "N.E.P." our national economy has undoubtedly begun to come to life again. Our productive powers have increased fast, and there is an increase in the national income. The reasons for this are not to be found in the introduction of new economic facts, brought by "N.E.P." to the national economy, but in the liquidation of the Communist theories, which were brought into being during the years 1918–1920, which destroyed the productive powers of the country.

These bad beginnings have, in the main, already been liquidated, so that the "N.E.P." has in fact attained its object in so far as it maintains the State control of the great industries, foreign trade and banking. Yet not only has it outlived its potential possibilities within these limits, but internal discrepancies between results and those aims and objects for which the "N.E.P." system was established, is becoming apparent. We must admit that during the period between 1921–1925 the system gave definite results. Industry, making use of its pre-revolutionary machinery, was during these years brought up to within 60–70 per cent. of its pre-war magnitude. But now the pre-revolutionary inheritance is used up and the introduction of further capital from abroad is necessary for its further development. If this capital is not forthcoming we shall check the development of industry and transport, and only agriculture as represented by about 22 million peasant homesteads will flourish.

Meanwhile, judging by all particulars to hand, Russian industry will not obtain this capital while the system of State control is maintained. It can only be got, after all, from the Russian peasant and the foreign capitalist.

Foreign capitalists will not give capital until industry and banking are released from slavery and freedom of private enterprise and the rights of private ownership are re-established. Naturally, by this reform, the interests of the workers should and must be safeguarded by industrial legislation, only the principles of State capitalism must be abrogated.

As to the peasants, the experience of the autumn of 1925 has proved that it is not easy to take their savings. A good harvest had given great increase to the people's income, and the Soviet Powers definitely expected to appropriate this surplus which had fallen from the skies, and to put from 900–1,000 million roubles into industries. The peasants, however, thought differently. They preferred to keep this surplus in their own business; part of the harvest went to the renewal of the stores of grain on the farms—the other to the rearing of stock. As a result of the harvest of 1925 the original and working capital of the peasantry have undoubtedly increased very considerably, and industry and transport got nothing. Therefore "N.E.P." has not only ceased to assist in the development of industry and the growth of its enterprises, but has actually become a hindrance.

ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.)

FRANCE

FINANCE

Banking Conditions in 1925.—*Deposit banks.*—As is well known, French banks may be divided into two main groups, the *banques de dépôts* (deposit banks) and the *banques d'affaires*. The difference between these two groups lies in the nature of their business activities; deposits on the liabilities side of the balance sheet and short term commercial credit (discount, advances, etc.) on the assets side are the main features of the former group, while the business of the second consists in participation in industrial affairs, underwriting, long term financing, etc. The resources of this group are chiefly provided by their shareholders. In many respects it may be compared with investment companies in England and America. Since the war and especially during the past few years many circumstances contributed to obliterate the line dividing the two groups, and the so-called *banques d'affaires* now take an ever-growing part in short-term operations and strive to attract deposits.

Notwithstanding this evolution, the main deposit banks continue to be the centre of the money market and reflect the monetary conditions of the country better than any other bank does, and this principally because of the wide economic field they come in contact with through their numerous agencies distributed all over France.

The turnover of these banks (in millions of francs) reached the following amounts on December 31 of the years in question :—

	1925.	1924.	1923.	1922.
Crédit Lyonnais ...	7,764	5,912	6,029	5,728
Comptoir National d'Escompte	6,032	4,753	4,700	4,242
Société Générale ...	8,431	6,358	6,261	5,982
Crédit Industriel et Commercial	1,011	684	621	684
Banque National de Crédit	4,116	3,194	3,239	3,183
Crédit Commercial de France...	2,176	1,821	1,829	1,621
Total	29,530	22,722	22,679	21,441

The turnover for the year ended December 31, 1924, was very nearly the same as for the previous year, while in the case of some banks it even showed a decrease; so that there seems to have been some grounds for the pessimistic views entertained by many bankers at the beginning of 1925. It was thought that the period of progression had reached its height in 1923, and would be followed by a slack period. It is stated in many reports that this opinion seemed to be justified by the events of the first half of the year. In the second half the rise in foreign exchange rates stimulated general business, and especially the export trade. Nevertheless, it is pointed out that the expansion of business was not as great as the enormous difference in the exchange rates (the £ being at 130 on December 31, instead of 90 as in June) seemed to promise, as already explained in an earlier issue of The Economic Review, the uncertainty in the political and financial outlook prevented business people in France from committing themselves to many large or long term affairs. Statements to the same effect appear in the annual speeches of bankers when they refer to "the spirit of caution and moderation which ruled amongst French business people throughout the year."

The principal figures taken from the balance sheets to December 31 of the six big deposit banks are as follows (in millions of francs) :—

		Cash in hand or at bank.	Money at call.	Bills discounted.	Advances.	Deposits and current accounts.	Dividend per share. Gross. (in francs).	Net.
Crédit Lyonnais	1925	956	1,447	4,788	235	6,739	80.00	52.00
	1924	571	1,273	3,634	324	5,181	80.00	59.25
Comptoir National d'Escompte...	1925	1.123	708	3,777	212	5,442	60.00	40.24
	1924	710	609	3,031	232	4,185	60.00	48.98
Société Générale	1925	1,244	1,485	4,707	423	7,442	27.50	22.45
	1924	818	1,337	3,199	440	5,352	27.50	24.20
Crédit Industriel et Commercial	1925	85	72	619	54	796	52.00	33.75
	1924	51	55	379	33	485	51.98	39.02
Banque National de Crédit ...	1925	824	466	2,063	388	3,553	45.00	31.45
	1924	568	448	1,440	398	2,681	45.00	33.89
Crédit Commercial de France ...	1925	428	250	1,037	201	1,942	50.00	30.11
	1924	270	388	775	220	1,603	45.00	34.75
Total[1]	1925	4,660	4,428	16,991	1,513	25,914		
	1924	2,988	4,110	12,458	1,647	19,487		
Increase or decrease (per cent.)		+55	+8	+36	—8	+33		

From this table it will be seen that the deposits and current accounts of these six banks have increased since 1924 by some 6½ milliards or 33 per cent. The principal source of this afflux was inflation, as shown by the balance-sheets of the Banque de France (in millions of francs) :—

	Week ending Dec. 24, 1925.	Week ending Dec. 26, 1924.	Difference.
Principal assets—			
Cash (gold and silver) ...	5,868	5,851	+ 17
Bills discounted	3,693	4,900	— 1,207
Advances on stocks and shares	2,539	2,922	— 383
Loans to the State ...	34,650	22,400	+ 12,250
Sundry	3,433	2,853	+ 580
Principal liabilities—			
Bank notes	49,933	40,604	+ 9,329
Current accounts and deposits	3,244	1,960	+ 1,284
Sundry	1,553	1,162	+ 391

The increase of the bank-note circulation and of the deposits and current accounts (together about 10½ milliards) is due to the new loans granted to the State (some 12 milliards).

The resources of the banks having increased to such a large extent (33 per cent.), changes also occurred in their different assets. To begin with, cash in hand or at bank increased even more than the deposits (by 55 per cent.), thus testifying to monetary ease. In fact, the proportion of cash to deposits rose very considerably. It was 15 per cent. on December 31, 1924, and amounted on December 31, 1925, to 18 per cent. It is interesting to note that the proportion was 12 per cent. in December 1923 and only 10 per cent. in December 1922.

The discounts (Treasury bills inclusive) rose nearly to the same extent as the deposits and even a little more (36 per cent.), mainly because of the higher prices. It is a very characteristic fact, that during the same period discounts at the Banque de France show a considerable decrease (— 34 per cent.). This means that the resources of the banks were more than sufficient to discount the increased amount of bills, and that they reduced their re-discounts at the Banque de France.

Money at call shows a comparatively small increase (+ 8 per cent.), while advances fell (— 8 per cent.). This is due, especially as regards advances, to the continual fall of business activity on the Stock Exchange. Prices of a great number of shares and bonds drawn up in francs were declining. New issues of every description showed a considerable decrease. "People were not disposed to subscribe, and companies and public bodies withdrew from the market in view of the enormous rates of interest they would be obliged to pay." As usual, the monetary depreciation did more harm to bonds and preferred shares (bearing fixed interest) than to ordinary shares. The Bourse situation compelled the Banks to reduce their commitments in this direction. The falling off of the "advances" of the six big deposit banks become still more important if we compare it with the upward movement of the other assets, and if we remember that during the same time the franc itself has lost part of its value. The movement of advances in the Banque de France balance-sheet follows the same tendency.

It may also be noted in connection with the activities of the deposit banks that the annual returns of the Paris Bankers' Clearing House for 1925 show a small increase as compared with the preceding year (1 per cent.) :—

1925 ... ... Fr.371,656 million
1924 ... ... Fr.368,058 „

Thus, it appears that the velocity of money circulation decreased, otherwise the Clearing-House returns would have followed the movement of the deposits. This is quite in accordance with the general monetary ease disclosed in the balance-sheets of the deposit banks.

As far as banking profits are concerned, the figures supplied show that the gross dividends remained in most cases unchanged. The net dividends suffered a certain reduction because of increased taxation.

SOCIAL CONDITIONS

Vital Statistics.—Statistics have recently appeared of the movement of population in France. The excess of births over deaths is shown (in thousands) in the following table, as compared with other countries :—

	1920.	1921.	1922.	1923.	1924.	1925.
France	159.8	117.0	70.6	94.9	72.2	60.1
Germany ...	666.4	700.2	523.6	439.6	506.9	—
Great Britain ...	491.7	390.2	293.3	313.8	257.0	238.0
Belgium ...	61.0	60.4	49.6	55.4	53.5	
Spain	128.2	193.7	193.7	214.7	211.7	222.4
Italy	459.9	476.1	467.0	481.1	—	—
Holland... ...	111.5	112.5	101.5	114.7	111.2	106.4

The proportion of the excess of births over deaths to the total population in France is still much lower than in other countries. The number was only 19 per 10,000 inhabitants as against 153 in Holland, 127 in Italy, 82 in Germany, and 66 in Great Britain and Hungary.

It is interesting to note that the highest rate of increase was recorded in the Department of the Pas de Calais, the chief mining region of France, where it reached 142 per 10,000 inhabitants. Moreover, this department benefits to a very considerable extent from foreign immigration. Its total population amounted in 1911 to 1,068,000 inhabitants ; in 1921, after the devastations it was 990,000, and is now 1,165,000. (*Nord Industriel*, April 24.)

A comparatively high rate of increase was also reported from the Nord, another industrial region (79 per 10,000).

The rate is very low in the Department of the Seine (including Paris), only about 8 per 10,000 inhabitants. In the Seine-et-Oise and Seine-et-Marne, which are situated near Paris, there was even an excess of deaths over births (between 13 and 15 per 10,000 inhabitants). Both these departments are mainly industrial, and contain a large working-class population.

☞ *In order to avoid delay in the delivery of Foreign Papers, attention is drawn to the change of address of* The Economic Review *the Business and Editorial Offices of which are now at 6, John Street, Adelphi, London W.C.2.*

GERMANY

FINANCE

Reparations Account for March.—The Office of the Agent General for Reparation Payments has issued the following statement of receipts and payments for the second annuity year up to March 31, 1926 (on a cash basis reckoned in millions of Reichsmarks) :—

	March 1926.	Second Annuity year, to March 31, 1926.
A. *Receipts.*		
Budget contribution	20.00	150.00
Transport Tax	16.21	151.09
Interest on Railway Bonds ...	50.00	300.00
Interest acquired	0.25	1.62
Total	86.46	602.71
B. *Cash in hand on August* 31, 1925...		107.01
Total in hand		709.72
C. *Payments to*—		
France	47.51	316.89
Great Britain	17.57	124.14
Italy	8.09	37.80
Belgium	10.18	66.08
Yugo-slavia	3.32	19.89
Rumania	0.70	4.82
Portugal	0.40	3.50
Greece	0.25	1.71
Poland	—	0.05
Total	88.03	574.88
Service of German Foreign Loan ...	7.80	57.18
Costs of Reparations Commission ...	0.31	2.14
Costs of Agent-General's Office ...	0.31	2.16
Costs of Rhineland Commission ...	0.61	5.63
Costs of Commission of Control ...	0.26	3.30
Discount on Railway payment in advance...	0.07	3.69
Loss on Exchange	0.10	0.04
Total	97.29	649.04
D. *Cash in hand on March* 31, 1926	60.68	
Total disbursed	97.29	709.72

(*Kölnische Zeitung*, April 14.)

Development of Capital Formation.—The extreme liquidity of the money market has caused the German companies to satisfy their growing need of funds by increasing their capital.

Cut of 20 companies which placed R.Mk.22.32 million new shares in March (18 in February, R.Mk.11.61 million), some were companies whose shares are quoted on the Bourse. More than half of the above amount (R.Mk.12 million) was raised by the Vereinigte Glanzstoffabriken, Elberfeld. There was only one case of an issue of preference shares, involving R.Mk.0.48 million. During March 15 new companies were formed with a total capital of R.Mk.6.19 million (in February 17 with R.Mk.8.15 million), of which 4 with R.Mk.1.10 million were transformations from one form of undertaking to another. The market for fixed rate interest issues has profited most by the liquidity of the money market. For the first time over a considerable period the total of internal loans is larger than that of loans placed abroad. In all a total of 16 internal loans of a nominal value of R.Mk.98.5 million have been notified (in February 6 with R.Mk.73.6 million), while 4 loans of a value of R.Mk.82.5 million (converted at the current rate of exchange) have been placed abroad.

The following table shows developments during 1925 and in the first quarter of 1926 :—

	Increases of capital.		Establishment of new companies.		Fixed interest issues.	
Pre-war monthly average	No. of Companies.	Nominal Capital in mill. of R.Mk.	No. of Companies.	Nominal Capital in mill. of R.Mk.	Internal.	Foreign.
1909–1914	20	20	10.20	10–20	200	
1924 ...	505	230.12	1,359	128.52	176.32	—
1925 ...	425	767.03	245	187.46	144.57	1,312.67
1925—					1,457.24	
January	76	80.50	35	21.35	49.92	198.10
February	39	22.70	23	3.57	23.75	68.00
March ...	48	26.86	21	4.35	—	21.00
April ...	37	18.63	16	5.85	3.00	—
May ...	38	36.23	25	6.30	10.10	—
June ...	45	22.19	30	22.08	—	53.77
July ...	34	16.57	25	8.59	41.00	37.00
August ...	24	14.66	18	22.71	12.30	1.20
September	23	16.82	17	14.10	4.50	262.85
October	19	9.56	15	60.46	—	120.20
November	23	492.24*	12	11.79	—	219.95
December	19	10.07	8	6.31	—	330.60
1926—						
January	11	4.84	13	14.92	20.75	179.76
February	18	11.61	17	8.15	73.60	124.90
March ...	20	22.32	15	6.10	98.50	82.50

* Including Mk.474.39 million new shares for the fusion of the Aniline concern.

The individual industrial groups show the following figures :—

	Increase of Capital.				New Formation of Companies.			
	Number of Companies.		Nominal Capital in thousands of R.Mk.		Number of Companies.		Nominal Capital in thousands of R.Mk.	
	Feb.	Mar.	Feb.	Mar.	Feb.	Mar.	Feb.	Mar.
Banks ...	1	2	(?)	765	4	1	650	2,000
Insurance companies	–	1	–	1,200	1	–	1,000	–
Metal and machines...	6	2	1,573	2,510	3	1	500	50
Mining and foundries...	–	2	–	500	1	–	60	–
Chemical industries ...	–	1	–	(?)	–	1	–	100
Electrical and gas works	1	1	131	4,000	–	–	–	–
Textile industry ...	1	1	25	12,000	1	2	650	550
Food and delicacies	1	1	(?)	40	2	1	550	400
Quarries and pits ...	–	2	–	(?)	–	–	–	–
Paper industry ...	1	1	800	486	1	–	85	
Building industry ...	1	–	171	–	–	3	–	150
Communications ...	1	–	2,520	–	2	4	2,450	1,800
Leather and rubber ...	–	–	–	–	–	–	–	–
Various ...	5	6	6,385	820	2	2	2,200	1,050
Total	18	20	11,605*	22,315†	17	15	8,145	6,100

* Including three companies that increased their capital without stating the amount.

† Including four companies that increased their capital without stating the amount.

(*Frankfurter Zeitung*, April 4.)

TRADE

Trade Relations with Switzerland.—According to the annual report for 1925 of the German Chamber of Commerce in Switzerland, Swiss exports to Germany reached in the month of September, with over Fr.50 million, double the average monthly amount in the previous year, and then experienced a gradual decline to Fr.19 million in December. In spite of poor results in the later months of the year the total returns for Switzerland, to a value of Fr.368 million, were Fr.41 million better than in 1924. This was the more surprising as the German economic crisis which has been in full swing since June resulted in a decrease of imports from Switzerland.

It must not be overlooked, however, that a number of embargoes on import were in force in 1924 which were either practically or actually inoperative in 1925. This accounts, for instance, for the trebling of the exports of watches from Switzerland to Germany, the great increase in the export of machinery and the increased consignments of dyestuffs from Basle to the neighbouring territories. It is moreover probable that the credits afforded last year by Switzerland to Germany had as favourable effect on their sales as the foreign credits granted to Germany in general have had on the import of foreign goods as a whole. The endeavours of the exporters to bring the greatest quantity of goods possible into Germany before the Customs tariff came

into force doubtless contributed to delay the reaction of the German crisis on Swiss trade. This is clearly shown in the sales of Swiss cheese, which amounted in September to Fr.9.4 million, while the average for October, November and December did not even reach Fr.500.000.

According to Swiss statistics the total import of German goods into Switzerland to a value of Fr.471 million shows a decrease as compared with the previous year, during which the German imports amounted to Fr.482 million. Since January 1, 1925, however, deliveries from the Saar district, previously included in those from Germany for import and export statistical purposes, have been reckoned with those of France. The decrease in Germany's exports to Switzerland disclosed in the above figures is thus only an apparent one, as the share of the Saar in the 1924 exports was estimated at Fr.30 million at least, so that Switzerland has actually imported from Germany goods to the value of some Fr.20 million more than last year. The omission of the Saar district also counts in the opposite direction for the Swiss export figures to Germany, but does not constitute anything like so large a proportion of the total.

German business with Switzerland was greatly hindered throughout the year by currency competition on the part of France. This competition was felt in coal, iron and metal semi-manufactured goods, textiles and dozens of different finished products such as rubber goods, iron goods, bicycles and many others. Thus practically the whole of the fairly extensive Swiss purchases of rails went to French works. (*Frankfürter Zeitung*, April 15.)

HUNGARY

POLITICAL AND GENERAL

Twenty-second Report of the Commissioner General.

—The continuance of the favourable course of pledged receipts for the Reconstruction Loan imparts a satisfactory tone to the recently issued February report of Mr. Jeremiah Smith, Commissioner General of the League of Nations for Hungary. The current Report is the twenty-second of the series published during the period of the control of Hungarian finances by the League of Nations.

The sums received in February from the revenue pledged as security for the Reconstruction Loan were not in the aggregate appreciably different from those received in the preceding month, being as follows in comparison with the sums received from similar sources in January 1926 and February 1925 (in millions of paper kronen) :—

	Jan.1926.	Feb.1926.	Feb.1925.
Customs	106,573	121,283	137,321
Tobacco monopoly	117,483	111,163	101,004
Sugar duty	37,371	43,844	57,165
Salt monopoly	38,071	18,743	19,375
Total	299,498	295,035	314,866

Converted into gold on the basis of the multiplicator of 14,500 the pledged receipts in February represent approximately Kr.20.3 mill. (gold), as compared with Kr.20.6 mill. (gold) in January 1926 and, converted on the basis of the rate then prevailing, Kr.21.3 mill. (gold) in February 1925. In addition to the above-mentioned sum, Customs also received in specie the sum of Kr.16.591 (gold). This result compares favourably with the average ; if the last day of the month had not been a Sunday it is probable that the total receipts for February would have equalled those of February 1925.

The gross receipts from all sources in February last, as compared with February 1925, were as follows (in milliards of paper kronen) :—

	Feb.1926.	Feb.1925.	Decrease.
Pledged receipts	295.0	314.8	19.8
Other receipts	577.0	613.5	36.5
Total	872.0	928.3	56.3

Converted into gold values the February result represents a gross revenue of Kr.60.1 mill. (gold), whereas the February preliminary estimates reckoned upon only Kr.57 mill. (gold), with a deficit for the month of Kr.1.1 mill. (gold). The actual receipts for February thus exceed the estimates by some Kr.3.1 mill. (gold), resulting in an actual surplus of approximately Kr.2 mill. (gold) instead of a deficit of Kr.1.1 mill. (gold). In comparing these returns with those of February last year it should not be overlooked that the sugar duty has been modified by 22 per cent. and that the State participation in rents, a portion of which formerly fell due in February, has been abolished. If these impositions had not been removed the February receipts would have exceeded those of a year ago.

The Preliminary Estimates for March provide for a gross expenditure of Kr.48,293,160 (gold) and a gross revenue of Kr.48,359,941 (gold) ; surplus, Kr.66,781 (gold). The estimates of the service of the State Loan embraces, in addition to the usual requirements, a sum corresponding to £100,000 for a clearing payment and a further sum equivalent to $150,000 for the liquidation of the debt of the Southern Railway. The requirements for tobacco also exceed the usual amount on account of requisition of material. In comparison with the Reconstruction Programme the net figures of the March estimates are as follows (in gold kronen) :—

	January estimates.	Reconstruction programme.	Difference.
Net expenditure ...	39,275,616	34,125,000	+ 5,150,616
Net revenue	39,342,397	30,825,000	+ 8,517,397
Surplus ...	66,781	—	+ 3,366,781
Deficit ...	—	3,300,000	—

In referring to the financial situation the Commissioner General mentions that the weekly statements of the Hungarian National Bank revealed but slight variations during the month of February. As was expected, the metal stocks receded somewhat ; but despite this diminution the metal cover of the effective note circulation showed an improvement of from 62.7 per cent. to 63.5 per cent. on account of the decrease in the note circulation. At the end of February the value of gold bullion and specie at the Bank amounted to about £2,750,000, corresponding to about 20 per cent. of the

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value of the notes in circulation. The National Bank was able to declare a 10.5 per cent. dividend for the past year. The State's share in the profits amounted to some 24 milliards, which, according to the statutes of the Bank, has to be applied towards the liquidation of the national floating debt to the Bank.

The Report then deals with the centralisation of national finances, pointing out that to this end and in accordance with the Reconstruction Programme a new National Bank had to be founded, enjoying the exclusive right of issuing notes and having the obligation to maintain the Hungarian currency. An essential part of this plan was that the whole of the national moneys must be deposited with this bank. It was from the first generally accepted that such a centralisation of the national finances was both desirable and possible. In consequence of technical difficulties and the structure of the Post Office Savings Bank and also the Central Banking Institution, such moneys have not invariably been placed with the National Bank (notably the amounts from the Post Office Savings Bank and from the State undertakings). The authority of the National Bank on the money market has consequently suffered. Negotiations over this matter have been conducted for some time past and a plan has been drafted by which it appears possible to effect a centralisation of national finances by the end of June 1926. Its realisation has necessitated an increase in the working capital of the Central Banking Institution, so that this establishment will not be detrimentally affected by the renunciation of the moneys that will henceforth go to the National Bank. A little anxiety has arisen in Hungary from the present circumstances, inasmuch as the Central Banking Institution was the main source of credit, and it is now feared that credit may become somewhat restricted. In the course of time, however, the execution of this plan will probably afford all the credit required by those who can offer ample security. The centralisation of the national finances in the National Bank necessarily involves the re-organisation of the Central Banking Institution.

Surveying the development of Hungary's foreign trade the Commissioner General reports that the provisional returns for January last indicate a remarkable progress in the direction of normal conditions. Imports in January last were valued at Kr.53.3 mill. (gold) and exports at Kr.53.4 mill. (gold), showing an adverse balance of Kr.0.1 mill. (gold), as against imports valued at Kr.63.4 mill. (gold), exports at Kr.35.2 mill. (gold) and an adverse balance of Kr.28.2 mill. (gold) in January 1925. The adverse balance of trade in January 1925 actually represented nearly three-quarters of the adverse balance for the whole year; in view of which the returns for January 1926 give grounds for considerable hope. It is useful to compare the returns for January last with those for the corresponding month of the preceding four years, when it will be observed that there has been a steady growth in the total volume of trade and, with the exception of the unfavourable year 1923, a continuous increase in exports (in millions of gold kronen):—

January.	Imports.	Exports.	Total volume of trade.	Favourable or adverse balance.
1922 ...	29.2	31.6	60.8	+ 2.4
1923 ...	45.8	17.6	63.4	— 28.2
1924 ...	37.6	32.3	69.9	— 5.3
1925 ...	63.4	35.2	98.6	— 28.2
1926 ...	53.3	53.4	106.7	+ 0.1

The same tendency is revealed on examination of the yearly returns for the period 1920 to 1925, as will be seen by the following index numbers (1920 = 100) for imports and exports:—

	Imports.	Exports.		Imports.	Exports.
1920 ...	100	100	1923 ...	101	206
1921 ...	125	155	1924 ...	168	350
1922 ...	129	201	1925 ...	177	426

Over the same period the adverse balance of foreign trade has fallen from 60.6 per cent. to 5.4 per cent., the yearly gradients being as follows:—

	Per cent.		Per cent.
1920 ...	60.6	1923 ...	21.1
1921 ...	51.2	1924 ...	18.2
1922 ...	38.8	1925 ...	5.4

Prior to the stabilisation of the Hungarian krone in 1924 there may be some difficulty in arriving at the exact figures, on account of the fluctuating values; but the above data are approximately correct. During the years 1922 and 1923 the import prohibition was strictly maintained. The increase in exports is mainly due to the improvement in the trade in agricultural products and is a sign that agriculture is approaching the pre-war level of production. In the Seventh Report of the Commissioner General data were given from which it was deduced that under normal conditions the value of the total volume of Hungary's foreign trade should attain the figure of Kr.2.262 mill. (gold). In 1920 30 per cent. of this value was reached, 56 per cent. in 1924, and 63 per cent. in 1925.

With reference to commercial treaties with other countries the Report mentions that on February 27 last, after negotiations had been conducted for over a year, an agreement was reached for a treaty between Hungary and Austria, which, however, still awaits ratification by both contracting parties. No time limit is set to this agreement, which may be terminated at three months' notice on either side, or at one month's notice if it be shown that the application of the agreement seriously injures a vital industry in either country, in which case the most favoured nation agreement of 1922 becomes invalid. The new agreement provides tariff concessions for and by both parties; Austria, for instance, has reduced the tariff rate for flour and wine to about half and also modified the rate for certain agricultural products, while Hungary has granted concessions for clothing, soap, footwear, bags and trunks, etc., yarns, machinery and ironmongery, the modifications ranging from 20 per cent. to 30 per cent. of the autonomous tariff. Even without a commercial agreement Austria has been the best market for Hungarian goods, having taken 36.45 per cent. in 1924 and 33.52 per cent. in 1925 of the total Hungarian exports, while imports from Austria into Hungary represented 23.19 per cent. in 1924 and 22.57 per cent. in 1925 of the total imports. The new agreement should prove an important measure for Austria as well as for Hungary. This is the first treaty of its kind that Hungary has concluded with any country with which there are extensive commercial exchanges, and it is to be hoped that similar agreements will be concluded with other neighbouring States, with some of which negotiations have already been begun. The tariff agreement with France came into force on February 21 last and is valid for a year. It is liable to revision after July 1, 1926, if so desired by either party. Under it Hungary concedes to France the most favoured nation principle for all French goods and special concessions for certain imports from France. In return Hungary receives for certain articles of exportation to France the application of the French minimum tariff, and also a further modification of the minimum tariff in respect of specified wares. France is not, however, a very important market for Hungarian products.

The *Pester Lloyd* cost of living index number, states the Report, stood at 17,509 at the end of February, as against 17,658 at the end of January. The wholesale prices index number of the Statistical Bureau was 18,031, which also represents a drop for the month. Both index numbers at the end of February were the lowest since the commencement of the reconstruction period.

The number of Social Democratic Trade Union members unemployed rose by 757 during the month, totalling 29,135 at the end of the month as against 36,764 unemployed at the end of February 1925. The number of insolvencies was high, amounting in all to 347 cases, of which 67 were bankruptcies and 280 compulsory arrangements for the benefit of creditors.

These payment difficulties appear to be chiefly attributable to the circumstance that since the stabilisation of the currency sufficient caution has not always been exercised in accepting the more accessible foreign credits; they are also partly due to the fact that many smaller merchants have not known how to adapt their business to the altered conditions since the end of the inflation period. The compulsory arrangement for the benefit of creditors was modified by a Government order of February 23 last, which came into force on March 5. The general tendency of the new order is to afford further protection to creditors.

The savings deposits at the banks showed a slight increase and the current account deposits a small decrease at the end of February, due probably to seasonal influences. The aggregate sum of deposits was somewhat lower than in the preceding month, but was about double that of a year previous.

The Report closes by quoting some figures issued by the Ministry of Commerce regarding the development of motor traffic of all kinds, as follows:—

	July 1,1924.	Jan. 1,1925.	Jan.1,1926.
Private cars, and cars for hire	3,627	4,027	4,847
Lorries	867	967	1,470
Motor bicycles	720	970	1,546

With reference to the crop prospects the Ministry of Agriculture reports that the autumn sowings of wheat and rye had not been injuriously affected by the winter up to the end of February.

FINANCE

The Budget for 1926-27.—The Minister of Finance, Dr. Bud, submitted his Budget for the financial year 1926–27 to the National Assembly on February 27 last, providing for expenditure and revenue as shown below (in pengoes):—

Expenditure.

State Administration.	Ordinary.	Extraordinary. Transitory.	Extraordinary. Investments.	Total.
Dotation to Regent	92,800	—	—	92,800
Regency Department	1,419,821	29,760	—	1,449,581
National Assembly ...	3,988,112	35,200	—	4,023,312
Debt service ...	73,419,718	18,676,612	—	92,096,330
Liabilities arising from the Peace Treaty	—	7,709,600	—	7,709,600
National Audit Office	689,399	—	—	689,399
Administrative Court	873,296	—	—	873,296
Provincial Court for Regulation of the Land Occupation...	784,128	—	—	784,128
Ministerial Department	2,447,727	75,531	—	2,523,258
Ministry of Foreign Affairs	8,150,332	47,720	298,360	8,496,412
Ministry of the Interior...	92,439,620	290,230	1,160,000	93,889,850
Ministry of Finance	132,461,725	2,513,701	2,041,600	137,017,026
Ministry of Commerce	19,652,108	390,954	1,345,600	21,388,662
Ministry of Agriculture	22,503,466	854,670	2,368,720	25,726,856
Ministry of Labour and Social Welfare ...	54,833,050	2,029,720	545,200	57,407,970
Ministry of Public Instruction and Religious Affairs ...	103,731,851	2,211,083	5,673,320	111,616,254
Ministry of Justice ...	46,305,949	579,975	487,200	47,373,124
Honved Ministry ...	100,262,733	10,783,058	—	111,045,791
Total ...	664,055,835	46,227,814	13,920,000	724,203,649
State Undertakings—				
Posts, Telegraphs and Telephones	76,454,645	—	—	76,454,645
Post Office Savings Bank	6,638,080	—	—	6,638,080
State Railways ...	276,333,142	—	16,105,007	292,438,149
State Steel, Iron and Machinery Works	31,306,243	—	400,000	31,706,243
State Forest Undertakings	1,886,104	—	67,360	1,953,464
State Agricultural Undertakings ...	6,106,039	—	—	6,106,039
Silk cultivation ...	1,717,773	—	—	1,717,773
Coal mines ...	2,336,344	—	—	2,336,344
Total	402,778,370	—	16,752,367	419,350,737
Grand Total ...	1,066,834,205	46,227,814	30,492,367	1,143,554,386

Revenue.

	Ordinary.	Extra-ordinary.	Total.
Regency Department	45,742	—	45,742
National Assembly	16,333	—	16,333
Debt service	18,976,760	712,968	19,689,728
Ministerial Department	40,000	—	40,000
Ministry of Foreign Affairs ...	2,608,000	—	2,608,000
Ministry of the Interior	1,553,140	35,040	1,588,180
Ministry of Finance	647,386,384	—	647,386,384
Ministry of Commerce	4,722,405	96,849	4,819,254
Ministry of Agriculture	4,163,207	22,649	4,185,856
Ministry of Labour and Social Welfare	31,142,780	256,800	31,399,580
Ministry of Public Instruction and Religious Affairs ...	10,977,047	—	10,977,047
Ministry of Justice	1,725,660	—	1,725,660
Honved Ministry	345,682	—	345,682
Total	723,702,879	1,124,306	724,827,185
State Undertakings—			
Posts, Telegraphs and Telephones	83,220,000	—	83,220,000
Post Office Savings Bank ...	6,642,400	—	6,642,400
State Railways...	284,223,760	—	284,223,760
State Steel, Iron and Machinery Works	31,582,700	—	31,582,700
State Forest Undertakings ...	2,019,600	—	2,019,600
State Agricultural Undertakings	7,553,877	—	7,553,877
Silk Cultivation	1,768,560	—	1,768,560
Coal Mines	2,339,840	—	2,339,840
Total	419,350,737	—	419,350,737
Grand total	1,143,053,616	1,124,306	1,144,177,922

The administrative expenditure of 724,203,649 pengoes represents an increase of 56,757,895 pengoes, with the revenue at 724,827,185 pengoes, an increase of 13,817,621 pengoes, on the figures of the Budget for 1925–26. The surplus of 623,536 pengoes on this account therefore represents a decline of 42,940,274 pengoes as compared with the preceding Budget. The estimates for the State undertakings are balanced at 419,350,737 pengoes, which indicates a lower expenditure to the extent of 6,391,873 pengoes and a higher revenue to the amount of 5,208,127 pengoes than last year, resulting in a decrease of 11,600,000 pengoes in the deficit of the State undertakings account. Taking the two accounts together there is an increase of 50,366,022 pengoes in the aggregate expenditure and of 19,525,748 pengoes in the aggregate receipts. The aggregate surplus of 623,536 pengoes is thus 31,340,274 pengoes lower than that for the preceding year. (*Pester Lloyd*, February 27.)

TRADE

Foreign Trade in 1925.—Compared with the preceding year Hungary's foreign trade developed very favourably in 1925, writes M. Bela v. Tormay, subdirector of the Central Statistical Bureau, in a contribution to the *Pester Lloyd* of March 14. The total value of the imports amounted to Kr.739.7 mill., and that of the exports to Kr.700.1 mill. (gold), resulting in an adverse balance of Kr.39.6 mill. (gold), or an improvement of Kr.88.2 mill. on the returns for 1924. The following table allows of a comparison between the several years indicated (in millions of gold kronen):—

	Imports.	Exports.	Adverse Balance.
1920	417.3	164.3	253.0
1921	520.7	25.39	266.8
1922	539.4	330.1	209.3
1923	423.0	338.1	84.9
1924	702.8	575.0	127.8
1925	739.7	700.1	39.6

Comparative index numbers of the trade in 1921 to 1925 in percentages of that of 1920 are given in the Twenty-second Report of the Commissioner General reproduced above.

An encouraging feature is the fact that during this period the value of the exports has more than quadrupled.

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Moreover, as the following table will indicate, the development during the different quarters of last year was very satisfactory (in millions of gold kronen):—

	Imports.	Exports.	Trade balance.
First half-year ...	332.3	272.5	— 59.8
Third quarter ...	194.6	201.9	+ 7.3
Fourth quarter ...	212.8	225.7	+ 12.9
Whole year	739.7	700.1	— 39.6
Monthly Averages.			
First half-year ...	55.4	45.4	— 10.0
Third quarter	64.9	67.3	+ 2.4
Fourth quarter ...	70.9	75.2	+ 4.3
Whole year	61.6	58.3	— 3.3

The monthly average value of the imports in 1923 was Kr.35.2 mill.; in 1924, 58.6 mill. (gold). The monthly average value of the exports has, however, risen from Kr.28.2 mill. in 1923 to Kr.47.9 mill. in 1924 and to Kr.58.3 mill. (gold) in 1925. Further, the adverse trade balance of about Kr.60 mill. (gold) at the close of the first half of last year was reduced by about Kr.20 mill. (gold) by the end of the year. Despite the enormous economic difficulties within the country these results are solid grounds for confidence.

A general survey of the returns shows that the improvement in 1925 was chiefly due to the increase in agricultural exports. Although the export of certain manufactured articles was also augmented, the export trade in manufactured goods was on the whole rather weak. The import trade was characterised mainly by the increase in raw materials from abroad, which suggests livelier conditions in the home industries. The following table shows the volume of the principal imports and exports and the respective percentages of the total value of trade in 1925 as compared with the corresponding figures in 1924:—

Imports.

	Tons (or pieces).		Millions of gold kronen.		Percentage of total value..	
	1924.	1925.	1924.	1925.	1924.	1925.
Cotton fabrics ...	11,904	10,433	98.0	89.0	14.07	12.03
Timber & products	2,423,975	2,224,432	71.0	72.1	10.11	9.75
Woollen goods ...	4,312	3,052	62.5	48.9	8.90	6.61
Coal	1,133,569	1,192,711	49.2	46.3	7.00	6.27
Cotton yarn, etc.	7,194	5,803	33.7	29.2	4.80	3.95
Machinery and apparatus ...	19,539	14,269	31.9	29.0	4.54	3.92
Paper & stationery	37,628	48,014	16.6	24.7	2.37	3.55
Raw metals ...	9,066	13,392	12.4	18.1	1.78	2.45
Ironmongery ...	13,242	11,536	8.6	15.8	1.22	2.15
Leather (prepared)	2,161	1,235	23.0	14.6	3.28	1.98
Woollen yarn, etc.	1,998	2,588	19.2	13.6	2.74	1.84
Mineral oils ...	93,234	7,791	13.4	13.1	1.91	1.78
Raw cotton ...	2,960	5,206	7.7	12.6	1.10	1.71
Cotton knitted goods ...	470	337	8.2	10.1	1.17	1.36
Glass and glassware	12,732	15,651	6.2	9.8	0.89	1.32

Exports.

	Tons (or pieces).		Millions of gold kronen.		Percentage of total value.	
	1924.	1925.	1924.	1925.	1924.	1925
Flour	249,545	210,253	101.1	103.2	17.58	14.74
Cattle (slaughter and draught) head	168,580	314,331	55.2	83.7	9.61	11.96
Wheat	180,391	217,940	48.3	63.8	8.40	9.12
Maize	31,839	176,325	6.1	32.6	1.07	4.65
Rye	139,524	123,874	32.5	31.0	5.66	4.43
Sugar	96,098	84,710	43.9	29.0	7.65	4.15
Poultry, slaughtered	6,626	9,548	17.8	21.2	3.11	3.03
Machinery and apparatus ...	13,651	14,758	15.9	20.4	2.77	2.92
Eggs	6,004	14,295	9.1	19.9	1.59	2.85
Meat and products	7,827	10,711	16.0	19.1	2.80	2.74
Sheeps' wool ...	5,246	6,916	17.0	17.4	2.96	2.50
Pork, fat, bacon, etc.	405	8,712	0.7	15.5	0.12	2.22
Electrical machinery and apparatus	3,950	3,550	17.4	13.9	3.03	2.00
Feathers	2,107	2,386	13.7	12.7	2.38	1.82
Ironmongery ...	10,436	11,490	9.0	9.2	1.57	1.33

The leading country of origin of Hungary's imports in 1925 was Czechoslovakia with 24.82 per cent. of the total (25.16 per cent. in 1924), followed by Austria with 22.57 per cent. (23.19 per cent.) and Germany with 15.02 per cent. (12.53 per cent.). Imports from Great Britain amounted in value to Kr.23.6 mill. (gold) or 3.19 per cent. of the total, as against Kr.15.3 mill. (gold) or 2.18 per cent. of the total in 1924. Austria proved the best market for Hungarian wares, having taken 33.52 per cent. of the total exports in 1925 (36.45 per cent. in 1924), followed by Czechoslovakia with 24.11 per cent. (24.06 per cent.), Germany with 9.92 per cent. (7.90 per cent.), and Yugo-Slavia with 7.81 per cent. (5.82 per cent.). Exports to Great Britain were valued at Kr.8.8 mill. (gold) or 1.25 per cent. of the total, as against Kr.9.4 mill. (gold) or 1.64 per cent. in 1924.

LITHUANIA

POLITICAL AND GENERAL

The Political Situation.—The forthcoming elections to the Seim are at present of paramount interest in Lithuania. This body, which originally consisted of 120 members, subsequently reduced to 78, cannot exceed a term of three years without an appeal to the country. The present term expires next month, and in spite of efforts on the part of the majority to extend its duration for a period of one or two years, the elections are to take place in due course. The party now in power is that of the Christian Democrats—a most misleading title, says the *Kölnische Zeitung* (No. 247), as the party has nothing to do with democracy, nor are its principles truly Christian; but owing to an accidental majority, the last president, Dr. Staugitis, was elected from the Socialist party. For several weeks the Lithuanian Parliament has been the scene of angry demonstrations and organised obstruction on the part of the majority, but the President has stood firm. What under other circumstances would have been unheard of clinging to an office unsupported by the confidence of the majority, here constituted an effort to use the presidential authority to break down the absolute domination of the Christian Democrats in the next Parliament. The President has in any case succeeded in frustrating the efforts of the majority to alter the Election Law, except in so far as this was necessitated by the inclusion of the five new members destined to represent the Memel Territory in the new Parliament.

The elections will show how far the present opposition will succeed in destroying the mastery of the party now in power. It is true that there is widespread dissatisfaction in the country owing to the generally bad economic conditions, but it is doubtful whether this will be brought to bear on the elections, as the influence of the clergy over the greater proportion of the electors, the peasant population, is very great. It is the aim of the opposition to break down the influence of the Church on the public life of Lithuania, as this influence is thought to constitute a national danger. The tendency in clerical circles, in spite of protestations to the contrary, is said to be toward a reconciliation between Lithuania and Poland.

Lithuania's relations with the Memel Territory have not improved since the constitution of the new Directorate. Negotiations over the financial question which has raised difficulties between the Memel Convention and the Central Government in Kovno, have led to no result. This question forms part of the protest laid before the League of Nations by the Memel Territory against the infringement of the Memel Agreement.

According to the Bulletin of the Elta Agency (No. 7) the ratio of representation in the new Seim will be one member to 25,532 inhabitants. The representation will be distributed as follows over the several districts: Mariampole (247,105 inhabitants), 10 members; Kovno (418,083 inhabitants), 16 members; Rasseiniai (305,087 inhabitants), 13 members; Telsiai (245,431

inhabitants), 10 members; Panevezys (452,119 inhabitants), 18 members; Utena (361,146 inhabitants), 14 members; and Memel (141,274 inhabitants), 5 members. According to the new distribution of seats the representation for the total population of 2,170,245 will be 85 members.

TRADE

Foreign Trade Returns.—In February Lithuania exported goods to the value of Lit.24,800,000 as compared with Lit.20,300,000 in January, while imports amounted to Lit.13,500,000 or only Lit.100,000 more than in January. This year's figures for February constitute a record as compared with February of last year, but the results were equalled in November last.

In the course of the last five years exports have increased 500 per cent. and imports 300 per cent., and in 1925 there was a great increase in foreign trade and a credit balance of Lit.60 million. Lithuania's chief export is flax, and between January 25, when the last export duty on worked up flax was rescinded, and February 1 150 wagon-loads of flax were despatched via Jainshki and Virbalis alone. The figures for Pogegen and Memel were not available. Before the abolition of the duty the monthly export average from all points was less than 50 wagon-loads. (*Elta Agency Bulletin*, Nos. 5, 6 and 7.)

The development of the Lithuanian Customs revenue during the past five years reflects the increase of the country's foreign trade. The figures are as follows: 1921, Lit.19,119,600; 1922, Lit.26,947,800; 1923, Lit.32,917,500; 1924, Lit.35,135,000; 1925 (January to November), Lit.45,667,800. The figures for the first eleven months of 1925 are largely in excess of the estimated revenue for the entire year, viz. Lit.39.400,000. (*Elta Agency Bulletin*, No. 4.)

AGRICULTURE

Agricultural Development.—It is generally known that Lithuania's economic development has made great progress, after the complete devastation of the country during the war. It is estimated that 42,000 buildings were burned down, 90,000 horses removed, 907,000 head of cattle seized, and 2 million ctr. of grain were requisitioned, while the forests were cut down and machines removed or destroyed, involving war damages of $360 million. The country was little better than a gutted ruin at the close of the war.

To-day Lithuania presents an altered picture. The area under cultivation in 1925 shows an increase compared with pre-war times, the following table giving a detailed analysis of the development:—

	1909 to 1913.	1925.
Rye ...	552,400 hectares	542,000 hectares
Wheat ...	81,800 ,,	112,000 ,,
Barley ...	183,200 ,,	205,000 ,,
Oats ...	317,200 ,,	345,000 ,,
Potatoes ...	119,100 ,,	163,000 ,,
Flax ...	55,200 ,,	76,000 ,,
Total ...	1,308,900 hectares	1,443,000 hectares

Thus the area under cultivation is 10 per cent. greater than before the war. The harvests show even better results, as a greater quantity of fertilisers has been recently utilised. The 1925 havest gave the following results as compared with the previous year (in centners per hectare):—

	1924.	1925.
Rye	17.3	27.4
Wheat	21.7	27.0
Barley	20.7	27.0
Oats	16.6	23.6
Potatoes	188.0	180.0
Flax	11.0	12.0

Thus in the case of rye, Lithuania's most important crop, the 1925 harvest exceeded that of the previous year by 60 per cent. and the average of previous years by 50 per cent. The 1925 harvest shows progress not only compared with post-war years but also in comparison with pre-war results. (*Prager Presse.*)

The cultivation of flax is the largest source of income in many parts of Lithuania, and special efforts were made during 1925 by the Lithuanian Farmers' Union to develop and improve this branch of agriculture. The union distributes flax seed, sends out instructors to demonstrate improved methods of working up the fibre, and mediates in the sale of linseed and flax. On the strength of a Government credit the Central Board in 1925 bought in Sweden 12 new "Helsingen" machines of modern construction for working up flax fibre, and ten of these machines are already installed. The "Helsingen" machine breaks and simultaneously finishes swingling undried flax, and Lithuanian farmers have found it most satisfactory.

The following centres have been organised for working up flax: Rokiskis, 1 centre; Panevezys district, 3 centres; Sedura, 1 centre; Pasvalys district, 2 centres; Siauliai, 1 centre; Sakiai, 1 centre; Telsiai, 1 centre. One "Helsingen" machine with the necessary motor is installed at each of these ten centres. It is proposed to establish at least two more centres during 1926. The importance of these centres cannot be overestimated, as they bring the organisations into direct contact with the flax producers, and facilitate the harvesting and sale of flax and linseed and the distribution of flax seed for cultivation. Apparatus has also been purchased for use either in the working up of tow or the ordinary qualities of Suvalki flax and residue. The value of flax cultivation machinery purchased was Lit.109,000, without reckoning the cost of installation, transmission belts, etc.

The outlook for the export of Lithuanian flax is considered promising. There is an adequate supply of labour and a growing population, while comparatively good prices are paid for linseed and flax fibre. The recent modern installations afford a favourable opportunity for the improvement of technical production of fibre and of flax cultivation.

England purchases about 75 per cent. of Lithuania's surplus linseed and Germany 25 per cent., while the flax fibre export to England is about 50 per cent. of the total. High prices prevailed in 1924, but they fell in 1925 by 25 per cent. An increased export of flax both to England and Germany is expected in 1926. In Germany only 45,000 hectares are under flax cultivation, supplying about half the necessary raw material for the flax working up industry. As in addition to this the new tariff places no duty on flax and raises the textiles duty from 100 to 150 per cent. Germany's demand for flax is likely to be much increased. (*Elta Agency Bulletin*, No. 7.)

COMMUNICATIONS

Position of Railways and Waterways.—Lithuania possesses two waterways, the Niemen and the Sliuszuotai Canal. The former is navigable for vessels over the following stretches: Birstonas to Kovno, 85 k.m.; Kovno to Jurbarkas, 92 km.; Jurbarkas to Klaipeda, 168 km.; and on the Nevezys from Kovno to Babtai, 35 km.—total, 380 km. The length of waterway on the Niemen suitable for rafting from the Polish frontier (Uciecha to Memel) is 494 km., and the possible rafting on the Niemen from the Russian frontier (Maz. Birzune to Memel) is 824 km.

On the Sliuszuotai canal, which is 49 km. in length, 23 steamers and 94 barges ply. The former have a horse-power of 2,799 and the latter a tonnage of 30,675. During eight months of navigation in 1925 122,388 passengers were carried. Freight of various kinds conveyed from Kovno totalled 2,563,570 kg., and that brought to Kovno 17,357,292 kg. Logs and planks rafted in Lithuania came to 19,482.56 cubic metres; floated to foreign points, 62,777 cub. m.; pulp-wood floated to foreign points, 78,468.58 cub. m. Firewood rafted in Lithuania amounted to 41,565.56 cu. m.

With the attachment of the Memel Territory to Lithuania and the completion of the new Kazlu-Ruda

to Sestokai line the total length of the Lithuanian railways reaches 1,128.9 kilometres of standard gauge and 563.6 kilometres of narrow gauge. Thus the ratio of railway to every 100 square kilometres of territory is 2.9 km. and to every 10,000 inhabitants 7.3 km. On the standard gauge railways 2,293,000 sleepers are laid, of which 1,846,000 are on main tracks and 447,000 on sidings. The average number of sleepers renewed annually is 153,000. From 1914 to 1919 no sleepers were renewed, involving arrears amounting to 765,000, which have to be made good by degrees. During the past five years 610,000 sleepers have been changed. In 1919 there were 4,417.36 metres of iron bridges, of which 2,420.68 metres were in need of repair, and 5,216.44 metres of wooden bridges, of which 3,916.91 metres needed repair; there were further 548.50 metres of ferro-concrete bridges and 7,879.06 metres of ferro-concrete, cast iron, stone and wooden pipes. During the five years ending January 1, 1925, all the iron bridges were painted and the girders renewed.

On January 1, 1925, the Lithuanian rolling stock comprised 146 locomotives, 260 class coaches and 3,588 goods wagons. The locomotive part consists of 33 passenger engines, 99 goods engines and 14 shunting engines. Five new passenger engines are on order. On account of the small demand for goods transport during the first eight months of 1925, 26 per cent. of the total number of existing engines in good repair stood idle. The degree of utilisation of locomotives is gradually improving, but the frequency of the train service (the number of train kilometres per annum to one track kilometre) is still very inconsiderable, in 1923 the total train kilometres being 2,160 and in 1924 2,066. In Latvia the frequency of train service represents 2,054 train kilometres; in Denmark 6,395 train-km., in Czechoslovakia 6,304 train-km., in Switzerland 7,386 train-km., in Norway 3,901 train-km., on the French P.L.M. Railway 9,185 train-km., and on the former Libau–Romny Railway 5,023 train-km.

A railway conference on questions connected with direct communication between Germany and Lithuania was recently held at Koenigsberg. At the last conference 61 Lithuanian railway stations instead of 39 were drawn into direct goods communication. Various transit and freight traffic questions were also settled. (*Elta Agency Bulletin*, No. 6 and 7.)

POLAND

POLITICAL AND GENERAL

The Economic Situation.—In a recent interview with the Lemberg correspondent of the *Mitteleuropäische Wirtschaft, Neue Freie Presse*, published in the issue of this journal of April 10 last, Dr. Martin Szarski, Government Commissary of the Polish Bank and Chairman of the Board of the Polish Industrial Bank, expressed his views on the economic situation in Poland. From this statement we make the following extracts.

Under the influence of post-war movements Polish legislation was at first subjected to too great an extent to extreme economic doctrines, without due regard to the fact that a healthy State organism depends upon material well-being, which can only be attained by the utmost labour and strictest economy. In addition to that adverse circumstance the national finances were neglected, so that expenditure grew alarmingly without any appreciable cover. Therefrom arose the period of inflation with its terrible consequences. Eventually the State brought the inflation movement to a standstill; but in doing so mistakes were not avoided. The capital capacity of the nation was overestimated and, wishing to emulate the Great Powers, the Government relied entirely upon home resources to provide the money for the financial and economic reforms. Even the capital of the Bank of Issue (100 mill. gold francs) was obtained exclusively within the country. The tributary burden became most oppressive. Then, without waiting for the organic or natural stabilisation of the currency, the new unit was introduced. This operation was too hazardous for the already exhausted nation; the precipitous reversion to the gold standard soon reacted on the economic life of the country. The inferiority of the inland value of the Polish currency to its value abroad which resulted from this measure had a disastrous influence upon the foreign trade exchanges. Imports tended to grow rapidly, while exports were hampered and reduced. The bad harvest of 1924 and the too generous tariff policy based on the slogan of "everything for the consumer" accentuated the evil situation. The decline in the zloty caused misgivings abroad, and credits were withheld or withdrawn. There naturally followed a financial and economic crisis. The new Minister of Finance, M. Zdziechowski, has tackled the situation with much energy. Realising that the fundamental trouble lay in the unhealthy state of the currency, he has turned his attention chiefly to remedying this evil. He has stopped further issues of small coinage and brought the violent fluctuations in the exchange to an end, so that the currency corresponds more to its purchasing capacity. Under the influence of various politico-commercial measures, but more especially as a result of the good harvest of 1925 and the rise in the exchange, the foreign trade balance became favourable. Moreover, the Sejm is occupying itself with the problem of further restrictions in expenditure in the current Budget, so that the equilibrium will be real and not merely apparent. The revenue for 1926 has been estimated at a lower figure than the amount actually received during the course of the financial year 1925; this has been done on account of the prevailing crisis. But with good organisation the prospects of satisfactory receipts are bright. The State mines and industrial undertakings, including the railways, Post Office and forests, which are in the aggregate valued at 300 mill. zlotys, are estimated to bring in only 600,000 zlotys. This ridiculously low revenue will almost certainly be exceeded. In other directions there are also possibilities of improvement. The Minister of Finance is further considering the best means to increase production, the urgent necessity for which seems not generally to be recognised in the country. The problem is difficult enough, largely on account of the high rates for credit, which can only be brought down by the influx of foreign credit and by the real stabilisation of the currency. The labour legislation in Poland, which provides for a forty-six hour week and a fortnight's paid holiday every year, virtually means a loss of one month's work in this country in comparison with others. Production is also considerably burdened by insurance and other forms of social legislation.

The re-establishing of the disturbed equilibrium in individual undertakings must eventually lead to a real equilibrium in the State Budget. The great need of the

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country is, however, the assistance of foreign capital both for strengthening the reserves of the Bank of Issue and also for use in industrial enterprises. The political relations of Poland with other countries have for some time past been satisfactory, and the course of foreign trade has taken a turn for the better. To consolidate the economic development of the country more working capital is required; once this is provided, the general circumstances may be regarded as favourable to economic progress.

FINANCE

Treasury Returns for the First Quarter.—The Treasury receipts for the first three months of the present year amounted, according to a report in the *Mitteleuropäische Wirtschaft, Neue Freie Presse*, of April 10, to 473 mill. zlotys, while expenditure for the same period figured at 568 mill. zlotys. There was thus a deficit of 95 mill. zlotys for the quarter. In the Parliamentary discussion of the preliminary estimates for April great stress was laid on the urgent necessity for cutting down expenditure, since revenue was not capable of improvement.

According to general Press reports the Minister of Finance stated before the Budget Commission of the Sejm on March 26 last that he considered there were four means by which the Budget deficit could be covered. The first was a foreign loan, which was a dangerous and undesirable means, since it would prove but a temporary remedy and afterwards place the Treasury in a difficult position. He was also strongly opposed to inflation. To increase revenue by imposing higher taxation would but hamper the development of production and augment unemployment, besides damaging exports and detrimentally affecting the foreign trade balance. The only course he could follow was that of drastically cutting down administration expenses by reducing the number of State employees and by abolishing the system of wages and salaries fixed in accordance with the index number. He proposed to introduce another salaries Bill which would provide for further economies. In any case the Budget equilibrium had to be established upon a real basis.

The Warsaw correspondent of the *Pester Lloyd* reports that the Polish Government does not intend to tolerate any longer the inefficiency of the telephone service, and proposes therefore to proceed to the nationalisation of this service. A Government administrator has already been appointed.

Insolvencies in and since 1925.—Following various Press reports we note that the number of insolvencies in 1925 was far greater than in either of the three preceding years, numbering as they did 517 cases, as against 108 in 1924, only 6 in 1923 and 15 in 1922. The figure for 1925 is a reflection of the severe economic crisis that the country then passed through. The situation has considerably improved since December last, the decrease in the number of bankruptcies and arrangements for the benefit of creditors being very pronounced despite the continuance of the crisis. This favourable development gives ground for hoping that the worst stage of the crisis has been passed. The acute industrial depression has, however, induced a number of firms and enterprises to go into liquidation, in most cases without inflicting injury upon the creditors.

Decline in Banking. — In consequence of the enormous monetary and credit difficulties from which the entire banking business in Poland has had to suffer since the stabilisation of the Polish currency and which led to important failures, the number of banks in the country has been appreciably reduced. At the present moment there are 82 joint stock companies engaged in banking, as compared with about twice that number during the inflation period. To these must be added the various branches of foreign banks, but the banks in liquidation or under official control are not included. Before the war there existed in the territory now embraced by the Republic only 25 Polish banks and 15 branches of foreign banks. In the summer of 1925 there existed in Warsaw (including private concerns) 62 banks, as against 10 before the war; in Cracow, 25 (5 before the war); in Lodz, 24 (5); in Vilna, 15 (2); in Lemberg, 33 (5); and in Posen, 28 (5). The total number of banks actively engaged at the middle of last year was over 200, or about five times as many as the pre-war number, whereas the entire monetary circulation of Poland is only about one-fifth of the pre-war figure. (*Danziger Zeitung*, April 6.)

Measures against Currency Speculation. — The Warsaw banks and exchange offices have made an agreement with the Ministry of Finance with the object of putting an end to currency speculation. Under this arrangement the banks agree not to ask from the Bank of Poland more foreign bills or currency than are required to meet the actual economic needs of the country. They further agree not to accumulate large supplies of foreign exchange and not to indulge in currency transactions with the object of making profits on exchange fluctuations. In transactions among themselves the banks will only charge the official rates quoted. Their supplies of foreign bills and currency will be handed over to the official Bourse or direct to the Bank of Poland. (*Central European Observer*, March 19.)

TRADE

Foreign Trade Returns for February.—While the value of the imports in February last remained practically stationary in comparison with the value of the imports in January, that of the exports shows a decline of 27.2 mill. zlotys, the figures issued by the Warsaw Central Statistical Bureau being—imports 68.89 mill. zlotys, and exports 132.1 mill. zlotys. The favourable balance of trade amounts to 63.21 mill. zlotys. The tendency of Poland's foreign trade movements since September last is shown in the following table (in millions of zlotys):—

		Imports.	Exports.	Favourable balance.
1925	September ...	72.8	108.9	36.1
	October ...	80.1	131.5	51.4
	November ...	84.4	154.5	70.1
	December ...	83.5	186.8	103.3
1926	January ...	68.39	159.3	90.91
	February ...	68.89	132.1	63.21

This retrograde movement in the foreign trade balance since December last was expected and it will probably continue. Although the importation of cotton has risen by 4.6 mill. zlotys to 13 millions, the importation of textiles in general shows a significant falling off. Wool, for instance, dropped from 5.6 mill. to 1.8 mill. zlotys, silk fabrics from 2 mill. to 0.3 mill. zlotys, cotton fabrics from 1.2 mill. to 0.6 mill. zlotys, and woollen fabrics from 0.4 mill. to 0.2 mill. zlotys. The importation of tobacco also receded from 5.1 mill. in January to 2.5 mill. in February. The chief decrease in exports was in respect of foodstuffs, which dropped in value from 65.3 mill. to 32.8 mill. zlotys. Cereal exports fell off by some 14 millions, whilst sugar declined from 19.7 mill. to 6.5 mill. zlotys. Textiles in general decreased and meat exports followed a similar movement. Coal exports sank from 16.2 mill. to 14 mill. zlotys. The exportation of zinc, on the other hand, rose from 8.5 mill. to 13.7 mill., lead from 0.9 mill to 1.6 mill., and timber from 16.4 mill. to 19.1 mill. zlotys. (*Danziger Zeitung*, March 28.)

INDUSTRY

Oil Output in 1925 and January 1926.—The total output of the Polish oil industry in 1925 was as follows (the figures in brackets representing the output in 1924): crude oil, gross, 81,191 cisterns (77,079); natural gas, 535,010,000 cubic metres (437,945,000); native paraffin, 739,533 kilogrammes (724,182). Of the total output of crude oil 71,513 cisterns were delivered to the Polish

refineries. The home consumption of naphtha products amounted to 26,606 cisterns, as against 24,423 cisterns in the preceding year. On the other hand, naphtha exports dropped from 40,498 cisterns in 1924 to 33,400 cisterns in 1925. The main foreign markets for Polish naphtha were (in tons): Austria, 34,075 (53,500 in 1924); Czechoslovakia, 112,398 (133,679); Germany, 65,853 (101,284); Danzig, 69,723 (59,569); Switzerland, 29,943 (22,583); Hungary, 5,693 (17,229); and France, 4,984 (5,580). Exports to other countries totalled 11,321 tons, as against 8,556 tons in 1924.

The output of oil in January in the chief district, Drohobycz, totalled 45,674 tons, as against 45,000 tons in December. About half of the output was the result of the activity of the French concerns, while the Austrian undertakings registered about 30 per cent. of the total output. The Jaslo district yielded some 3,000 tons. (*Prager Presse.*)

The *Neue Freie Presse* of April 3 reports that there has been during the last few weeks a marked improvement in the Polish oil industry. The refineries have also appreciably improved their position in the foreign markets, and have moreover received important orders from the railways and the Ministry of War for machine oil and benzine. There are prospects of a continuance of this increased activity.

Unemployment Returns. — The unemployment returns show a very slight decrease in the number of persons out of work. In the first half of February the number of unemployed in the Republic was given as 360,000, about half of whom were in receipt of unemployment benefit. By the end of February the number had dropped to 358,000, and by March 15 to 354,382. These figures are still well above those for the corresponding period of last year.

AGRICULTURE

Poland as an Agricultural State.—Poland is one of those States that are earnestly awaiting the carrying out of land reform, which above all bears a social character and is intended to improve the position of the small agriculturist. Of the population of Poland (28,000,000) some 65 per cent. are engaged in agricultural pursuits, 14 per cent. in industry and mining, 8 per cent. in commerce and transport, and 13 per cent. in other occupations. About 17,780,000 hectares or nearly one half of the total land consists of fields, 17 per cent. meadows and pasture land, and some 25 per cent. forest land, while the remainder consists of land for building purposes, orchards, gardens and fishponds.

Land ownership is shown as follows: some 8,600,000 hectares or considerably more than half the total arable land are in the hands of 6,578 landowners, so that the average size of the large estates is 1,268 hectares. Holdings ranging from 100 to 500 hectares amount altogether to some 3,542,000 hectares. The owners of these holdings number 13,435, so that each has on an average 273 hectares. The remainder of the land is split up among 2,600,000 small agriculturists, each of whom possesses on the average some 5½ hectares. Of these, however, some 826,000 possess holdings of less than 2 hectares apiece, and 844,000 agriculturists own holdings up to 5 hectares. Medium sized holdings (from 5 to 20 hectares) amount to 872,000 hectares in an area of 8,895,000 hectares. Larger holdings (from 20 to 100 hectares) amount to 89,000 hectares out of an area of 2,856,000 hectares.

From these figures it is evident that there is plenty of justification for the demands of the Polish agrarian parties that land reform should be carried out as soon as possible. In the eastern territories of the Republic, where land hunger is felt most acutely, the national minorities would feel more at home in the country and more contented; and secondly, the agricultural production of Poland would increase. There is no doubt, therefore, that land reform would go a long way towards the overcoming of the present economic crisis in Poland. (*Central European Observer*, March 12.)

SWITZERLAND

FINANCE

Final National Accounts for 1925.—The Final Federal Accounts for the financial year 1925 reveal an actual deficit of Fr.9,022,343, which is, however, an improvement on the Budget figures for that year, where expenditure was estimated at Fr.305,687,000 and revenue at Fr.288,660,000, resulting in an estimated deficit of Fr.17,027,000. The sources of revenue were as follows (in francs):—

	Actual result.	Estimates.
1. Capital yield	20,992,595	22,812,536
2. General administration:		
Federal Chancery	103,254	98,500
Federal Court	154,700	165,500
Insurance Court	10,878	10,300
Total	268,832	274,300
3. Ministries and Departments:		
Political Department ...	1,458,325	669,500
Ministry of the Interior ...	1,143,188	1,047,700
Ministry of Justice; Police Department	3,582,212	2,325,500
Military Department ...	1,875,217	1,804,045
Ministry of Finance; Customs Department	261,655,267	252,278,689
Ministry of Social Economy...	2,823,127	3,294,550
Post Office; Railways ...	4,700,859	3,626,350
Total	277,238,199	265,046,334
4. Sundry	452,648	526,830
Grand Total	298,952,275	288,660,000

The Federal expenditure for the year was distributed as follows (in francs):—

	Actual result.	Estimates and supplementary credits.
1. Amortisation and interest ...	116,558,456	117,019,025
2. General administration:		
National Council	654,118	732,200
Parliamentary Council ...	102,282	100,300
Supplementary credit ...		2,000
Federal Council	177,000	177,000
Federal Chancery	978,351	1,072,290
Federal Court	862,296	897,214
Supplementary credit ...		2,500
Insurance Court	309,758	320,400
Total	3,083,807	3,299,404
Supplementary credits		4,500
3. Ministries and Departments:		
Political Department ...	6,961,549	7,483,718
Supplementary credit ...		168,150
Ministry of the Interior ...	28,636,590	26,424,199
Supplementary credit		3,952,436
Ministry of Justice; Police Department	7,651,404	7,177,602
Supplementary credit ...		56,642
Ministry of War	85,643,135	84,990,653
Supplementary credit ...		2,727,127
Ministry of Finance; Customs Department	20,789,748	21,643,013
Supplementary credit ...		103,272
Ministry of Social Economy...	33,398,196	32,218,919
Supplementary credit ...		2,481,109
Post Office; Railways ...	790,282	814,434
Supplementary credit ...		13,000
Total	183,870,907	180,752,538
Supplementary credits		9,501,736
4. Sundry	4,121,079	4,312,240
Sundry supplementary credits		4,000
5. Unforeseen expenditure ...	340,368	303,795
Unforeseen supplementary credits		40,000
Supplementary credits ...		9,550,236
Grand total	307,974,618	315,237,236

The yearly deficit in the Federal Accounts since 1914 have been as follows: 1914, Fr.22,533,117; 1915, Fr.21,551,507; 1916, Fr.16,645,455; 1917, Fr. 50,747,865; 1918, Fr.61,894,687; 1919, Fr. 95,655,686; 1920, Fr.99,536,730; 1921, Fr.127,571,870; 1922, Fr.79,407,666; 1923, Fr.45,468,754; 1924, Fr.21,606,282; 1925, Fr.9,022,343. It will be observed that the worst period from the point of view of the national finances was from 1919 to 1921, when the deficit rose to the enormous sum of Fr.127,571,870. Since then there has been a steady improvement, the annual deficit having decreased from Fr.79,407,666 in 1922 to Fr.

9,022,343 in 1925. (*Neue Zürcher Zeitung*, April 8.)

The *Neue Zürcher Zeitung* of April 18 adds the information that the aggregate national debt, which stood at Fr.2,304,382,619 on December 31, 1924, was reduced by Fr.49,262,433 in the course of 1925. The total amount of the fixed loans has been reduced by Fr. 113,870,000, whilst the floating debt has been augmented by Fr.64,607,566.

Comparative Statement of Customs Receipts.—The total receipts collected by the Federal Customs in 1925 amounted to Fr.217.40 mill., which represents an improvement on the results of the three preceding years. In fact, there has been a steady increase in Customs receipts every year since 1922. The following statistics show the yield of Customs in the various months of the respective years within this period, together with the yield in January 1926 (in millions of francs):—

	1922.	1923.	1924.	1925.	1926.
January	12.31	12.63	14.17	15.61	15.76
February	11.33	13.32	14.95	15.07	15.38
March	14.82	15.84	16.44	16.55	18.92
April	12.05	15.41	16.10	16.04	—
May	12.05	18.38	16.00	15.83	—
June	13.42	16.05	14.97	15.34	—
July	12.70	12.80	14.73	15.32	—
August	12.53	12.76	13.42	13.87	—
September ...	12.09	13.60	15.68	15.83	—
October	14.17	18.48	18.83	19.77	—
November... ...	13.62	17.50	16.45	16.25	—
December ...	22.59	16.22	33.37*	41.90*	—
Total ...	163.68	182.97	205.11	217.40	50.06

* Including the annual complement.

The average monthly receipts for the year 1922 were Fr.13.64 mill.; for 1923, Fr.15.25 mill; for 1924, Fr.17.09 mill.; and for 1925, Fr.18.12 mill. Although the receipts in January and February last were below the average monthly receipts for 1924 and 1925, they were somewhat higher than the receipts for the corresponding months in these two years. The March 1926 receipts show an appreciable advance. The average monthly receipts for the first quarter of 1926 also mark an improvement, amounting to Fr.16.68 mill., as compared with the monthly average of Fr.15.74 mill. for the first quarter of 1925, Fr.15.19 mill. for 1924, Fr.13.93 mill. for 1923, and Fr.12.82 mill. for the first quarter of 1922. (*Schweizerische Blätter für Handel und Industrie*, March 15, and *Neue Zürcher Zeitung*, April 12.)

TRADE

Foreign Trade Returns for the First Quarter.—The value of the imports in February amounted to Fr.198.12 mill. as against Fr.200.8 mill. in January, while exports were valued at Fr.143.89 mill. as against Fr.123.6 mill. In March the value of the imports rose to Fr.205.52 mill. and that of the exports to Fr.159.53 mill. These figures bring the total value of the imports for the first three months of the year to Fr.603.5 mill., and that of the exports to Fr.427.1 mill. The quarter thus closed with an adverse foreign trade balance of Fr.176.4 mill., as against an adverse balance of Fr.135.2 mill. for the corresponding quarter of 1925, when the figures were—imports, Fr.637.1 mill.; and exports, Fr.501.9 mill. Imports for the quarter dropped Fr.33.6 mill. or 5.2 per cent., and exports Fr.74.8 mill. or 14.9 per cent. as compared with the first three months of last year. These figures do not include the bullion and specie exchanges. It will be observed that while imports have remained practically stationary around Fr.200 mill. (the increases being but slight), the value of the exports has perceptibly grown each month, an improvement of about Fr.20 mill. being recorded in February and of Fr.16 mill. in March.

Dividing imports into the five main categories, the respective values for the first three months of this year were as follows (in millions of francs):—

	January,	February.	March.
Foodstuffs and articles of consumption	43	39	45
Agricultural raw materials ...	14	9	8
Fuel, lubricants, etc.	14	15	14
Industrial raw materials... ...	58	60	53
Manufactured goods	40	43	48

The following table shows the advance made in March 1926 in most categories of leading exports as compared with February 1926, March 1925 and March 1913:—

	Mar. 1926. Quantity in tons.	Mar. 1926. Value. in mill. of francs.	Feb. 1926. Difference (in millions of francs).	Mar.1925. Difference (in millions of francs).	Mar. 1913. (in tons).
Watches (1,000 pieces)	1,494	17.6	— 1.2	— 2.6	+ (1,000 pieces) 59
Machinery	6,118	14.5	+ 0.7	— 0.9	+ 1,541
Silk fabrics	196	16.5	+ 2.2	— 1.2	+ 16.4
Embroidery	326	12.6	+ 1.2	— 1.5	— 47
Cheese ...	1,902	7.1	+ 3.1	+ 1.6	— 673
Cotton fabrics	479	9.2	+ 1.2	— 4.0	+ 169
Cotton yarns	425	3.4	+ 0.2	— 2.5	+ 134
Aniline dyes	499	5.0	— 0.4	+ 0.8	— 109
Medicines and perfumery	103	4.1	+ 0.4	+ 1.5	+ 36
Footwear	102	4.6	+ 1.1	+ 1.3	— 16
Apparatus	379	4.1	+ 0.6	+ 0.7	+ 218
Artificial silk ...	283	3.8	+ 1.1	+ 2.2	+ 253
Woven goods	85	2.9	+ 0.7	— 1.0	+ 15
Condensed milk and infants' food ...	2,292	2.8	— 0.4	— 0.1	— 1,194
Chocolate	682	2.7	+ 0.3	+ 0.04	— 526

It will be noted that the decline in the exportation of watches belongs to the exceptions, since in most other cases exports in March improved on those in February. The quantity of certain articles exported now exceeds that of the pre-war period. (*Neue Zürcher Zeitung*, April 15.)

Decline in Cheese Exports.—Compared with pre-war times Swiss cheese exports have experienced a pronounced decline, despite the fact that the value of these exports in 1925 was approximately 50 per cent. higher than in 1912. In fact, the total of 2,263 truckloads of cheese exported in 1925 represents no advance on the situation thirty years ago. In 1912 3,010 truckloads were exported, rising to 3,610 truckloads in 1913, which was a record figure. Since 1913 was an exceptionally favourable year comparisons should be made with the year 1912. In the following list of foreign markets for Swiss cheese, showing the quantities and values of these exports for 1925, 1924 and 1912, the decline in the consignments to the different countries can be clearly traced. In a few instances only did the volume of the exports in 1925 exceed those in 1912, the most notable being the consignments to Germany, which rose from 4,735 tons in 1912 to 8,216 tons in 1925, and those to Australia, which rose from 22.5 to 185 tons.

	Volume (in tons).			Value (in thousands of francs).		
	1925.	1924.	1912.	1925.	1924.	1912.
Germany	8,216	5,815	4,735	32,822	25,564	10,079
United States	7,380	6,595	7,234	29,261	27,160	15,556
Italy ...	1,602	1,458	2,930	5,760	5,955	6,375
France ...	708	613	6,257	1,954	2,251	13,496
Great Britain	698	533	520	3,596	2,782	1,122
Austria ...	593	1,081	3,207*	2,337	4,360	6,914*
Czecho-slovakia	568	630	—	2,374	2,819	—
Belgium	525	508	953	2,045	2,040	2,048
Spain ...	329	290	329	1,380	1,280	702
Hungary	328	358	—	1,361	142	—
Poland ...	220	286	602†	909	1,235	1,311†
Australia	185	40	22	1,212	280	47
Cuba ...	159	163	129‡	608	676	282‡
Sweden	159	158	299	633	652	639
Argentina	151	117	884	636	518	1,904
Egypt ...	93	108	98	380	455	210
Norway	75	59	113	295	245	246
Denmark	51	42	156	207	174	332
Holland...	49	46	173	210	214	255
Other countries	533	453	1,452	259	233	314
Total	22,627	19,042	30,106	90,576	81,132	64,661

* Austria-Hungary. † With Russia. ‡ Central America.

Before the war French North Africa, Canada, Brazil and Rumania were also good customers for Swiss cheese, receiving about 1,000 tons as against the present meagre

quantity of 120 tons. The decline in the French market is especially pronounced. The general decrease in cheese exports may be attributed to the Customs policy adopted by many foreign countries and also to the currency conditions. The conclusion of commercial agreements and the general stabilisation of the different currencies will probably revive this branch of Switzerland's foreign trade, particularly in view of the acknowledged high quality of the products. (*Neue Zürcher Zeitung*, April 13.)

SOCIAL AND LABOUR CONDITIONS

Vital Statistics for 1925.—The natural movement of the population in localities in Switzerland of more than 10,000 inhabitants during the year 1925 resulted in a net increase of 2,975 souls. The number of births registered was 14,069 and the number of deaths 11,094. The following table shows the number of marriages, births, deaths of infants, and total deaths for each quarter of the past year :—

	Marriages.	Births.	Deaths of infants	Total deaths.
First quarter	1,449	3,377	185	2,872
Second quarter	2,990	3,738	195	2,857
Third quarter	2,745	3,855	161	2,567
Fourth quarter	2,513	3,099	151	2,798
Total 1925	9,697	14,069	692	11,094
Total 1924	10,079	14,441	721	11,510

Compared with the year 1924 the number of marriages declined in 1925 by 382, births by 372, deaths of infants by 29, and the total deaths by 416. The birth rate was highest during the summer months, while the mortality rate was highest in February, March and December. (*Rapports Economiques de la Feuille Officielle Suisse du Commerce*, No. 3.)

Cost of Living in January and February.—There was a further drop in the general index number of the cost of living in Switzerland for the months of January and February. The following table, compiled from the statistics issued by the Federal Labour Bureau, gives the index numbers of the different categories for these two months, in comparison with the preceding year, taking July 1914 as the basis at 100 :—

	Foodstuffs.	Fuel.	Clothing.	Rent.	General.
1914 July ...	100	100	100	100	100
1925 January	172	158	181	—	—
February	172	157	182	—	—
May ...	168	154	179	162	168
December	167	150	179	163	167
1926 January	165	149	179	163	166
February	163	148	179	163	164

With the exception of the favourable period from March 31, 1922, to April 30, 1923, the index number for foodstuffs in February was the lowest recorded during the past five years. The present price of foodstuffs is about the same as in 1920. The following figures indicate the movements of the chief categories of foodstuffs as from January to the end of February :—

	End of January.	February.
Dairy products	161	158
Eggs	227	203
Fats and edible oils	151	150
Meat and products	182	180
Bread and cereal products ...	160	161
Sugar and honey	129	128
Potatoes and vegetables ...	134	134
Coffee and chocolate	170	170

(*Rapports Economiques de la Feuille Officielle Suisse du Commerce*, No. 3.)

Unemployment Statistics.—Unemployment in Switzerland during the first two months of the present year was much more acute than at the beginning of last year and somewhat worse than at the close of 1925. At the end of February, however, the number of unemployed registered was well over 2,000 lower than at the end of January. The following table shows the position at the end of these two months as compared with that at the close of the first three and last three months of the past year :—

	Males.	Females.	Total.
1925 January ...	10,126	2,058	12,184
February ...	9,635	2,199	11,834
March	8,334	1,851	10,185
October ...	8,109	4,110	12,219
November ...	11,228	4,532	15,760
December ...	12,582	4,445	17,027
1926 January ...	15,690	4,835	20,525
February ...	13,413	4,725	18,138

The February figures represent a decrease of 14.5 per cent. in the number of males, 2.4 per cent. in the number of females, and 11.6 per cent. in the total number of unemployed as compared with the situation at the end of January 1926, but an increase of 39.1 per cent. in the number of males, 114.9 per cent. in the number of females, and 53 per cent. in the total number of unemployed as compared with the position at the end of February 1925. In making a comparison between the two years some allowance should be made for the fact that certain cantons now render more complete returns of unemployment than heretofore, so that more recent statistics may appear a little unduly inflated. According to the March number of the *Informations de Statistique Sociale* issued by the Federal Labour Bureau, the improvement in the labour market registered between the end of January and the end of February was the result particularly of seasonal influences. The depression that has existed for some months in the labour market has not been sensibly diminished.

The following table shows the unemployment movement in the different trades and industries during the two months in question :—

	Number of unemployed at the end of January.	Number of unemployed at the end of February.	Difference.
Agriculture	546	407	— 139
Foodstuffs, beverages, tobacco	328	306	— 22
Clothing, toilet	347	339	— 8
Leather and rubber ...	164	148	— 16
Building, timber and glass	5,081	4,167	— 914
Textiles	4,420	3,942	— 478
Graphic arts	141	133	— 8
Machinery	1,805	1,669	— 136
Watchmaking	355	355	—
Commerce, office employees	1,391	1,397	+ 6
Hotels	949	986	+ 37
Transport	274	263	— 9
Liberal professions ...	215	198	— 17
Domestic service	748	758	— 1
Others	3,529	2,875	— 654

The general improvement in the situation is chiefly due to the greater demand for labour in the building trades and in the different branches of the textile industry, in addition to increased activity in the numerous but smaller groups classified as "others." The situation is worst in the country district of Bâle, where the rate of unemployment at the end of February was 77 per 1,000 ; at Appenzell it was 76 per 1,000, and in the city of Bâle 29 per 1,000. The lowest rate was at Zug with 2 per 1,000 and at Uri and Aargau, each with but 3 per 1,000 inhabitants. (*Rapports Economiques de la Feuille Officielle Suisse du Commerce*, No. 3.)

FOREIGN BANK RATES.

	Per cent.		Per cent		Per cent.
Amsterdam	3½	Dublin	6	Prague	6
Athens	10	Geneva	3½	Reval	9
Belfast	6	Helsingfors	7½	Riga	8
Belgrade ...	6	Kovno	7	Rome	7
Berlin	7	Lisbon	9	Sofia	7
Brussels	7	Madrid ...	5	Stockholm ...	4½
Bucharest ...	6	Moscow ...	8	Tokyo	7.3
Budapest ...	7	New York...	3½	Vienna	8
Copenhagen...	5½	Oslo	5½	Warsaw	12
Danzig	9	Paris	6		

The official discount rates of the State Bank in Moscow for bills at two months is 8 per cent., for bills at four months 9 per cent. and for bills at six months 9½ per cent.

Single copies of **Foreign Affairs**, an American Quarterly Review, may be obtained of all leading booksellers or through the International News Company Limited, 5, Bream's Buildings, London, E.C.4, price 6s. 6d. Annual subscription 26s., post free.—*Advt.*

THE ECONOMIST'S BOOKSHELF.

AGRICULTURAL CO-OPERATION IN SOUTH AFRICA.

Co-operation and Competition in the Marketing of Maize in South Africa. By Herbert Frankel, M.A. (London: P. S. King & Son, Ltd. Price, 8s. 6d. net.)

Dr. R. A. Lehfeldt, under whose guidance the author pursued the investigations which have culminated in this study, writes in the preface that "this essay is an interesting example of the statistico-economic study which is so much needed for the guidance of public policy in our modern, highly organized world." From that point of view Mr. Frankel has achieved a signal success in this work, but its excellences are more and greater than those of method merely. Mr. Frankel has approached an important aspect of agricultural co-operation, and one which has often been propounded as the solution of many difficulties, and so far as he has applied himself to it presents us with conclusions which are equally penetrating and well-founded. To draw from Dr. Lehfeldt again, there is a tendency in many circles to regard co-operation as the cure for all the ills which farming is exposed to, and attention is frequently focussed on co-operation as a method of marketing. South Africa, we are told, more than most other countries suffers from an indiscriminate and uncomprehending admiration for a movement which has much of real value in it, and the Government, according to Dr. Lehfeldt, appears to have reasoned in the following manner: "Co-operation among farmers is a good thing, therefore if they won't do it of their own accord, they shall be made to, by force of law." Such tactics are more liable to arm the critics of co-operation than to vindicate the principles of the movement, and one can agree with both Dr. Lehfeldt and Mr. Frankel in their detraction of such intervention, but it is not so easy to agree with the former when he says that "what is valuable in co-operation is the spirit, not the mechanism." Obviously, such is not even partially true. Again, it is saying extremely little when one asserts, as Dr. Lehfeldt does, that "a co-operative society does not necessarily perform the marketing function more efficiently or more cheaply than the usual organisation of competitive trade." The real point that matters is this, it would be exceedingly difficult to find one single country in the world in which farmers as a class are satisfied with, and content to leave the disposal of their produce to the "usual organisation of competitive trade." The cure for the evil probably lies in another direction, and we are inclined to think it does. The cultivator's business is always dominated by uncertainties of price and at times it becomes a mere gamble. This is as true of maize production in South Africa as it is of anything produced in this country. A solution might be found in a mechanism which fixed the price paid to the farmers and market gardeners for their produce at standard figures based on national considerations, and in the case of corn crops such prices should be maintained for a definite series of years and variable only after considerable notice. Such a remedy has been advocated by Mr. Montague Fordham and others in this country.

However, the weaknesses of compulsory co-operation, to which Dr. Lehfeldt really objects, are well exposed by Mr. Frankel in this study, and there is no doubt but that the volume contains abundant evidence capable of being used against the effectiveness of co-operative societies as marketing agencies. The main conclusion arrived at by Mr. Frankel as a result of his investigations is that the assistance given by the Government to co-operative societies for the purpose of selling their members maize, should be discontinued, and that there is no evidence to show that the maize-selling societies have succeeded either in obtaining better average prices for their members' produce or in solving the problem of agricultural credit, which was their real task. In their present form, he finds, in fact, that there is much evidence to suggest that they actually give their members lower real returns than they could obtain if they acted independently. There is also reason to believe that, as now constituted, the societies, instead of spreading a real spirit of co-operation among the farming community, have exerted an influence in the opposite direction, since they have resembled government selling agencies rather than productive institutions working on real co-operative lines. They have, therefore, had the effect of weakening a section of the farming community in the attitude it takes up towards those every-day struggles and misfortunes, which in all countries the agricultural community has at one time or another to bear, for, instead of relying on their own efforts to combat these, there is a marked tendency immediately to ask for government support, and compensation for misfortune. These, and like considerations figure largely in Mr. Frankel's study; all his contentions are admirably supported by statistics, and in the limited sphere he has chosen for his examination of the working of the co-operative principle he has delved deeply and surveyed widely. The result is a work which is well worth study by all students of the co-operative movement, and particularly by those who are interested primarily in the problems of agricultural co-operation.

H.J.H.

"COMMENT AVOIR UN FRANC STABLE."

"Comment avoir un franc stable," par Georges Bonnet, Député, Ancien Ministre du Budget, Payot, Paris.

Under this promising title M. Georges Bonnet, who is an acknowledged authority on the subject, has published a book which is rather disappointing and somewhat irritating.

The author begins with a quotation of what he said in another book six years ago, and the whole of his new book is full of quotations of—himself! The greater part of the book, in fact, is devoted to a verbatim report of M. Bonnet's speech at the Chamber on January 30, the concluding remarks of a speech made a year earlier, the speech of M. Bokanowski on January 30 and M. Bonnet's reply to it. Out of 123 pages, 76 are filled with these verbatim reports of speeches made by the author and one of his opponents! Nothing has been missed out and all the interruptions which are of no consequence whatever have been carefully preserved in the text. Does M. Bonnet really imagine that the reader is interested in the fact that M. Vincent Auriol, from his seat at various junctures shouted "Très bien," or "C'est vrai"; or that the President said, "Messieurs, veuillez écouter ce très intéressant discours" (Applaudissments à gauche et à l'extrême gauche); or that M. Lamazou-Betbeder interrupted the orator to say "Il y a eu six ministres des Finances et un Ministre du Budget"?

I, for one, confess that I find this method, which seems to show M. Bonnet's contempt for his readers, quite unsatisfactory. If M. Bonnet had only taken the trouble to digest and re-write what he said in his long speech this could have made quite an interesting chapter in the book. In its present form, however, this part of "Comment avoir un franc stable" is most unstimulating and leaves the reader with the impression that instead of acting the author and his fellow-experts content themselves with a lot of chatter!

Let us turn, then, to the first part of the book which has as its heading "Ou vont les finances de la France?" There is nothing striking or new in this section, but credit must be given to the author for a very lucid exposition of the problems now facing his country.

He quite rightly emphasises that for a long time France suffered from an excess of optimism, encouraged by the general well-being, and that the sudden awakening has brought with it a reaction which is equally excessive. M. Bonnet proceeds to show that the feeling of depression and pessimism inspired by the state of France's finances is unjustified by the course of events, and claims that the position to-day is very much better than even 18 months ago. On page 11 he says: "Notre situation n'a donc

plus rien de critique. Nous en avons ignoré les dangers pendant cinq ans : ceci peut expliquer l'excès de trouble ou cette découverte a jeté l'opinion publique, mais ne suffit pas à le justifier."

M. Bonnet is so great an authority on the finances of France that one hesitates to contradict his statement, although this optimism is a little incomprehensible. Everybody will agree with the following statement : " j'affirme que pour assurer notre redressement financier, il suffit d'un peu de bon sens, et de beaucoup de volonté."

The question is whether these two indispensable conditions will be forthcoming ; so far, unfortunately, we have seen a total absence of them. And if M. Bonnet is quite right in claiming that the French crisis has nothing in common with that of Germany in 1922–1923, the tragedy is that France seems to have learned little or nothing from Germany's mistakes ; in fact, that she is repeating them one after another.

Sooner or later, like all the countries that had to pass through the scourge of inflation, France will have to stabilise her monetary unit, and the author makes a strong plea for stabilisation as soon as possible. Once this is done, he says, it will be comparatively easy to solve the budget problem and the difficult treasury problem.

M. Bonnet considers that an economic crisis, as the result of stabilisation, is inevitable ; Germany is suffering from one because it allowed its money to fall too low and stabilised it too rapidly. France is in the fortunate position of being able to stabilise the franc before it has gone to nothing, and can somewhat lessen the scope of the inevitable crisis. Nothing must be left to fortune ; the best experts must be consulted, though each of them gives a different advice. They can but give advice.

" It is for the government, which alone is responsible, to take a decision, outside and above all private interests." (p. 52.)

As we have said, the first part of the book is lucid and sound. If the author had given his work just a little more time and attention the book might have been quite good. It is a pity so great an authority on so interesting a subject has not seen fit to produce something better. Credit must be given to the publisher for issuing a very nicely printed volume for only 5 francs.

G.S.

PUBLICATIONS RECEIVED.

Bulletin of the Pan American Union. April 1926. (Washington, U.S.A. Price, $3.25 per annum.)

Comment avoir un Franc Stable : Condition Essentielle de la Restauration Financière. By Georges Bonnet, Député, Ancien Ministre du Budget. (Paris : Payot. Price, Fr.5.)

Co-operation and Competition in the Marketing of Maize in South Africa. By Herbert Frankel, M.A. (London : P. S. King & Son, Ltd. Price, 8s. 6d. net.)

Cours de Finance et Comptabilité dans l'Industrie professé à l'Ecole Spéciale des Travaux Publics, du Bâtiment et de l'Industrie. By Edouard Julhiet. Fifth edition. (Paris : Librairie de l'Enseignement Technique. Price, Fr.30.)

Das Amerikanische Wirtschaftswunder. By Julius Hirsch. (Berlin : S. Fischer.)

German Disarmament. By Wadsworth Garfield. (The Reference Service on International Affairs of the American Library in Paris, Inc. Price, 50 cents.)

UNIVERSITY OF LONDON.

A COURSE of Two Lectures on " PROJECTS OF MONETARY REFORM " will be given by Mr. D. H. ROBERTSON, M.A. (Fellow of Trinity College, Cambridge), at the London School of Economics (Houghton Street, Aldwych, W.C. 2) on Thursday, May 6th and 13th, at 5 p.m. At the first Lecture the Chair will be taken by Dr. T. E. G. GREGORY, D.Sc. (Sir Ernest Cassel Reader in Commerce in the University).

ADMISSION FREE, WITHOUT TICKET.

EDWIN DELLER, Academic Registrar.

COMPANY REPORTS.

THE PEKIN SYNDICATE LIMITED.

The Directors' Report and Accounts to June 30, 1925, were presented to the shareholders at the adjourned ordinary general meeting of the Company held on April 20. The receipts for the year amounted to £99,824 18s. 5d., including interest on loans, deposit and current accounts, dividends on shares, commission and rents, and transfer fees to a total of £43,520 5s. 5d. and profit on collieries £56,304 13s. The expenditure during the same period on salaries and expenses of administration in London was £14,963 15s. 6d., in Paris £1,304 10s. and in China £13,802 18s. 7d., making a total of £30,071 4s. 1d. After transferring amounts of £4,000 and £3,313 11s. to reserve against shares in other companies and debtors respectively, there is left a credit balance of £62,440 3s. 4d., which is carried to profit and loss account. To that amount has been added the credit balance of £6,582 15s. 2d., being the difference in exchange in respect of adjustment of floating assets and liabilities in China, thus bringing it up to £69,022 18s. 6d. From this amount the sum of £1,079 2s. 6d. has been deducted in respect of depreciation in value of investment, and the amount of £25,000 has been transferred to reserve account for redemption of capital expenditure on the collieries, leaving a balance of £42,943 16s., which has been added to the credit balance of £187,885 7s. 4d. on profit and loss account at June 30, 1924, making a total of £230,829 3s. 4d. to the credit of profit and loss account, which amount the Directors propose should be carried forward to the next account.

The Directors regret to have to report that a strike was declared at the mines last July and continued up to March of this year. The output of coal for the year ended June 30, 1925, amounted to 611,397 tons as against 655,858 tons for the previous year. The sales were 419,925 tons as against 660,857 tons last year, the decrease being due to the continued shortage of coal wagons caused by the railways being occupied by the military. These conditions prevailed throughout the whole of the year under review, and very seriously restricted the transport of the coal required for the various depots and marts. Under normal conditions the sales would have considerably exceeded those for the previous year, there being an excellent market for the Syndicate's coal.

The Chairman, Major Walter S. Nathan, C.M.G., moved the adoption of the report and accounts, which was seconded by Colonel O. C. Armstrong, D.S.O., and carried unanimously.

NORDLAND COUNTY EXHIBITION.

The Nordland County Exhibition will be held at Bode from July 4 to 25. It will be divided into twenty sections, representing all the main products of the county in regard to agriculture, fisheries, home crafts, forestry, and electricity.

The County of Nordland is one of the most important divisions of Norway. Its area approximates to that of Denmark, while the population numbers 175,000 inhabitants. Agriculture is the main pursuit of the people, and every year at least 1,500 acres of land are cleared, and 200 new farmsteads built. The annual value of the fisheries amounts to Kr.25 million, while the fishing ports, harbours, vessels, tackle and gear, represent a capital of Kr.50 million. Water power is very abundant in the county, the available supply being estimated at 1,500,000 million horse-power.

Nature has given the County of Nordland an inexhaustible variety of scenery, unequalled in any other part of the world. From the Bindaas Fjord in the south to the Ofoten Fjord in the north, with the Lofoten Alps towering above the ocean, and with great glaciers like Svartisen and Blaamandsisen on the mainland, the traveller will find the most wonderful scenery to be seen anywhere. Bodä is situated practically in the centre of the County, on the high road to the " land of the Midnight Sun."

STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

1. Pig iron. 3. Coal. 5. Cotton. 7. Hides. 9. Bacon.
2. Tin. 4. Linseed Oil. 6. Wool. 8. Wheat. 10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see The Economic Review, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	1923								
May 14	391.2	325.5	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
July 16	418.8	316.9	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
1921			Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
Jan. 14	244.2	245.9	May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Apr. 15	202.8	204.8	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
July 15	194.4	194.1	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 30	150.0		Oct. 19	166.0	158.1	1925			Mar. 12	146.1	144.4
1922			Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 26	145.2	
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	April 2	146.5	
May 19	162.1	160.6	1924			Mar. 13	172.8	166.3	,, 9	145.7	
July 14	165.1	160.3	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5	,, 16	148.1	
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	May 15	158.7	159.0	,, 23	147.2	
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4	June 19	160.6	157.6			

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926												1926
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	... Mar. 26
Apr. 9 ...	72.2	162.3	60.4	106.1	88.3	102.2	92.8	110.7	100.7	75.3	97.10	... Apr. 9
,, 16 ...	72.2	170.0	60.4	107.0	88.1	106.2	89.9	111.5	102·2	80.0	98.75	... ,, 16
,, 23 ...	72.2	162.3	60.4	107.0	86.4	106.2	89.9	114.6	102.2	80.0	98.12	... ,, 23

* Revised Quotation.

SECURITY PRICES.

The following table shows the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

In New York.			In London.		In New York.			In London.	
Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.	Week ending.	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920, Jan. 1	128.5	94.1	172.4	99.7	1925, Jan. 3	150.7	101.6	133.8	117.5
1921, Jan. 1	89.9	89.0	116.3	88.6	,, 17	151.8	101.9	**137.8**	117.5
Aug. 20	*80.3*	90.4	105.4	93.3	June 6	158.2	**105.3**	128.0	115.3
Oct. 29	91.1	92.0	*91.1*	94.4	,, 27	160.0	104.7	123.7	*113.0*
1922, Jan. 1	100.0	100.0	100.0	100.0	July 18	165.9	103.2	*120.4*	115.5
May 13	114.6	102.4	114.9	**117.9**	Aug. 1	165.8	*101.5*	122.2	115.7
Sept. 16	123.8	**107.6**	115.2	112.5	,, 22	176.2	102.5	126.3	**117.3**
Oct. 7	123.9	106.1	113.3	*111.7*	Nov. 7	195.4	102.7	134.1	114.7
1923, Jan. 1	121.7	102.5	119.5	113.3	Dec. 19	188.9	103.3	130.6	112.8
Mar. 17	**129.2**	98.5	129.3	117.0	1926, Jan. 2	195.5	103.6	133.3	113.0
,, 24	127.3	*97.8*	129.0	118.1	,, 9	196.1	103.6	**135.1**	113.1
Apr. 28	124.1	99.3	**137.9**	122.8	Feb. 13	**199.9**	104.9	132.0	114.8
June 9	119.7	100.8	130.6	**123.5**	Mar. 20	178.5	105.1	126.6	113.6
Oct. 27	*105.7*	99.7	126.5	119.7	Apr. 3	173.1	105.4	126.2	113.5
1924, Jan. 1	117.4	98.4	121.3	114.5	,, 10	172.5	106.1	124.5	113.5
,, 19	119.1	100.1	119.1	*112.2*	,, 17	168.7	106.9	121.8	113.3
June 21	115.3	103.3	*118.2*	118.0	,, 23	178.6	107.0	123.5	113.5
Nov. 8	130.1	103.7	133.7	**120.4**					

* Prices supplied by Messrs. Raphael & Sons, Ltd.

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